FINANCIALTIMES

confident. By 8.30am, the tight-ly-knit group in charge had appeared and were countering official propaganda hy reading the paragraphs of the Chinese

Constitution which theoreti-cally guarantees freedom of speech, movement and assem-bly.

Young men still in their

teens reminded the gathering

block the university gates in an attempt to keep students away from the city centre swept the small groups hud-dled in the quadrangle, but no

After nearly two weeks of

spontaneous demonstrations. the students were optimistic

without being brash or over-

bilities for a historic break-

through in relations between

the two halves of Europe which was warmly received by

Mr Kohl's comments on security policy, only a small part of a wide-ranging 90-min-ute review of Government pol-

icy prompted by recent elec-toral set-backs, will add to the tension ahead of the meeting

in Germany this weekend between Mr Kohl and Mrs Mar-garet Thatcher, Britain's Prime

Officials have also been stressing that the German post-

tion on modernisation and

Continued on Page 24

most Bundestag members.

one was sure.

campaign, but with so few peo-ple out in the spring sunshine, it seemed that the party's heavy-handed warnings of the previous day had been effec-tive. However, student leaders, who were meeting in dormito-ries, were never in doubt. "Only the bravest will march today," one explained, "But there will he a march".

West German Chancellor Helmut Kohl (right) in conversation with Foreign Minister Hans-Dietrich Genscher at the Bundestag yesterday.

claims of failing Nato

early negotiations on the weap-

He made clear his belief,

however, that there was no for-seeable alternative to deter-

rence based on a suitable mix of nuclear and conventional weapons, "Under existing cir-cumstances" some of those

nuclear weapons had to be

hased in Europe.

Mr Kohl spoke of the special opportunities created for West Germany by the Soviet reform programme, but added that as long as uncertainties sur-

rounded that programme and as long as the Warsaw Pact possessed superior military assenals, the West could not neglect its defence.

He also repeated the West

German demand for "early" negotiations on abort-range westions aimed at establishing

equal ceilings at lower levels "as defined by the Alliance at Reykjavík in 1987 and Brussels

in 1988", and for negotiations on nuclear artillery. Mr Hans-Dietrich Genscher,

The form of his address

attracted the obvious riposte from opposition leader Mr Hans-Jochen Vogel: if the

record is so good, why did we need a major cabinet reshuffle

two weeks ago followed hy

designed essentially to raise

the morale and sharpen the profile of his flagging centre-

Minorco unlikely to avoid ban

But the address was

this statement?

Programme for the little man

Foreign Minister, also made an emotional speech on the possi-

Bonn bitterly rejects

WITH FEWER than 100

with Fewer than 100 students wandering around Peking University at 7am yesterday eating breakfast from tin bowls, it looked as if China's planned campus rebellion was never going to get off the ground, Peter Ellingsen writes from Peking.

Students were still on strike in support of their democracy

in support of their democracy

By David Goodhart in Bonn

THE West German

Government yesterday bitterly rejected claims that it was fail-

ing to respect its Nato respon-sibilities and denied that it was

isolated in the Alliance in its

call for early negotiations with the Warsaw Pact over short-range nuclear weapons.

"Because of the range of the short-range missiles, West Ger-many is more strongly affected

than other members of the

Alliance," Mr Helmnt Kohl, the

West German Chancellor, said

in a major policy speech to the

the Bundestag.
If therefore consider it natural that our friends show the

same understanding for our

interests as we have shown for

their interests on many occa-

Mr Kohl was applicated by members of all political parties for that and similar comments

which, officials confirmed,

were aimed particularly at Britain which has been leading

the attack on Germany's desire

for a postponement of a deci-sion on modernisation of

short-range weapons and for

CHANCELLOR Helmut Kohl's

90-minute report to the Bund-

estag yesterday was part defence of his record and part

a new beginning, writes David

He began in aggresively party political mood, warning of the new dangers of left and righ, then went on to outline

his bopes for welfare and wealth creation, in what was largely a speech for a domestic

escaping the New York court

UK diversified mining group, lessened yesterday.

back to the US court if Minorco

attempted to circumvent the effects of the injunction in

Goodhart.

D 8523A

World News

Arab League calls for ceasefire in Lebanon

The Arab League made progress towards ending the heavy artillery duels in Beirut when Syria welcomed a League call for a ceasefire. Page 24

Japanese budget Japan's ruling Liberal Demo-cratic Party ended 70 days of deadlock over the budget caused by the Recruit affair.

N-sub plan dropped Canada is to scrap plans to purchase a \$6.7bn fleet of nuclear propelled submarines.

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11

Chemical war talks Frustration over the lack of progress in negotiating a ban on chemical weapons was voiced in Geneva at a UN conference. Page 3

Kabul attack Rebel rockets fell on Kabul despite an army barrage on mujahideen positions to pre-empt attacks on the anniver-

ANC sentencing Three members of the African National Congress were sen-tenced to death in Sonth

sary of the Communist coup.

Tornado kilis 400 A tornado swept through Bangladesh killing 400 people and injuring thousands. Page 6

Africa. Page 8

Guinness withdrawal Solicitors representing Ernest. Saunders, the former Guinness chairman, have withdrawn from the case in which he faces charges over the Distillers takeover. Page 12.

Namiblan move

A senior UN official said 4.000 Swapo guerrillas had moved into Angola, indicating the Namihian independence process was on track. Page 8

Carter in Panama

Former US President Jimmy Carter is to head a team of in Panama. Page 10

US spending

Binartisan attempts to hold down US federal spending are being threatened by splits on spending priorities in Congress. Page 10

Return to earth

The three-man crew of the Soviet Union's Mir space station returned safely to earth, leaving the orbiting station unmanned for the first time in two years.

Hussein names PM King Hussein is to name former military chief Sharif Zeid Bin Shaker as caretaker prime

minister after violent price protests brought down the previous government. Page 8

Soviet bungling Bungling and complacency hy ministers have cost the Soviet economy millions of roubles, Mikhail Gorbachev

Chile hopes Military president Augusto Pinochet made a dramatic about turn by reinstating his about turn by reinstating in a senior civilian minister in a move which raised hopes for political reform in Chile. Exr-lier report, Page 10

March turns anxious Peking students into heroes

North Sea threatened by plant closure

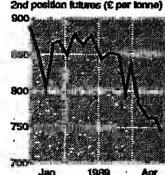
UK oil production, already cut by accidents in the North Sea, has been put into further jeopardy by the closure of the St Pergus gas processing plant on the eastern coast of Scot-land. Page 24

BANK HAPOALIM, Israel's largest bank, is making a bad debt provision of \$490m to cover its exposure to Kibbut-

STEMENS, the West German electrical and electronics group, booked a 16 per cent rise to \$17bn in first-half new business. Page 25

rejected a request from GEC and Fokker, the Dutch aircraft company, to postpone submit-ting a joint bid to buy Short Brothers, the Belfast aerospace company. Page 14

Wednesday's decline, with July



closing at \$1,253 a tonne. EUROPEAN Commission is to reconsider plans to liberalise data telecommunications services. Page 24

Spanish food distribution

ing domestic economy bas helped lift its 1988 profits, performance. Page 29 PHILIPS of the Netherlands wants to give up control of Peico Electronics, its Indian

UAL, Delta Air Lines and USAir, three leading US carriers, have reported better performances with strong growth

in traffic. Page 26 T. BOONE Pickens. The Texan corporate raider, has been rebuffed again by Koito Manufacturing, the Japanese auto parts company. Page 29

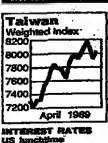
its discount rate from 8.5 per cent to 9.5 per cent.

carrier, expects to improve its profitability this year when its fleet will be increased by the 19 Airbus A300 aircraft.

INTEL, the US semiconductor manufacturer, announced cost-cutting measures and the elimination of up to 600 factory

jobs. Page 26 NCNB, the North Carolinabased bank group, said it would probably submit a bid-to take over MCorp, the recently failed Dallas bank holding company. Page 26

MARKETS



INTEREST RATES US funchtime Federal Funds 917% 3-min Treasury Bills: yield: 8.89% (8.839) Long Bond: 95 (99 <u>%)</u> yield: 8.90% (8.960) Bond: 99%

SFr2.8050 (2.8000) V229.50 (223.25) DOLLAR New York close DM1.8770 [1.87905] FFr6.3490 (6.3595) SFr1.6595 [1.6565) Y192.15 (132.20) SF(1.8585 (1.6580) GOLD

STERLING New York of

\$1,6905 (1,6905)

\$1.6910 (1.6885) DM3.1725 (sume) FFr10.7325 (10.7350) S&P Comp 309.58 (+2.65) FT-SE 100 2,115.7] + 22.3) World: 144.47. (Wed) 33,500.83 [+65.90] 1,717.8 (+0.1))

Brent 15-day (Argus) \$19.80 [-0.05) (May) West Tex Crude (June)

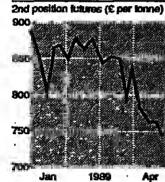
Oil output in

zim. Page 25

UK GOVERNMENT has

COCOA prices continued

Cocoa



falling as low as \$1,242 before

ASHLEY GROUP, which acquired Digsa, a Spanish food retailer, has bought another group for a maximum of \$33m. Page 36

FORD Australia reported surgwhile Ford US recorded weaker,

affiliate. Page 29

SWEDISH Central Bank raised INDIAN AIRLINES, the Indian

EGYPT'S most controversial investment fund has authorised the government to withdraw the company's deposits from foreign banks. Page 8 OECD long-term export credits rose by 45 per cent last year. Page 11

LORAL, the US electronic warfare group, has accepted e sweetened bid of \$425m cash

STOCK DIDICES

New York close Dow Jones Ind. Av.

2,418.99 [+29.88]

some way in the UK.

The US injunction is responsible for taking Britain's big-gest takeover bid, worth \$3.5m (\$5.9bn), into unexplored legal territory. Minorco currently phis \$30m of debt for two of its units from e group led by Mr Bernard Schwartz, the company's chairman. Page 26

By Kenneth Gooding, Mining Correspondent, in London MINORCO'S chances of owns or has acceptances for 54.92 per cent of the Gold Fields shares but the Gold Fields' board refuses to give in.

injunction which prevents the South African-controlled Minorco was yesterday multing over the unique legal and technical problems its bid has created. It is believed to have started to sound out the Takeinvestment group buying any more shares in its bid target, Consolidated Gold Fields, the Newmont Mining, the US gold producer which is 49 per cent owned by Gold Fields and over Panel about getting an extension to the 21 days by which it must clear away the a party to the US action, said that, whatever happened in the UK, it would continue to press on with the case. It would go

remaining obstacles or allow the offer to lapse.

There were some indications that the Panel would be willing to comply with a request for to comply with a request for more time, but only if Minorco provided a convincing reason and was able to offer a new fixed timetable.

One option Minorco is considering is to call an extraordinary meeting of Gold Fields and persnade shareholders who have accepted the bid to give Minorco their proxies in some way to force the Gold Fields' board to remove the US

thanks to Bonn's leaky news channels, it could offer no real surprises, Mr Kohl's speech

had a word for everyone, from mothers to coalminers.

And in a probable foretaste of an emotional election cam-paign at the end of 1990, Mr Kohl played the "Red-Green"

chaos card - citing opposition Continued on Page 24

injunction.

However, Newmont gave a warning last night that "such a vote (at a Gold Fields' meeting) certainly could not have the effect of depriving Newmont's public shareholders of the important protections afforded hy the injunction."
It added: "Any initiatives by

Minorco that are contrary to the terms of and effect of the injunction will be promptly brought to the attention of the court for appropriate action." Gold Fields' share price rose by 37p in heavy trading yesterday to £13.20, while Minorco's fell by 28p to £628. At that level the offer is worth £14.89 for each Gold Fields share.

CONTENTS

The shock waves from . Hungary's airwaves



Hungary's lively and outspoken medie is a source of constant shocks to the conservative leaderships of Eastern Europe, not least a TV interview with Alexander Dubcek, the deposed Czechoslovak reformist leader

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Jordan after the riots Lombard: Pornography under fire . Financial Futures _____ 50 Coserver ____ Gold ____ 42 Raw Materials ____ Stock Warkets -----

Japan tells US chips pact may be under threat

By Louise Kehoe in San Francisco

JAPAN has threatened to terminate its controversial 1986 semiconductor trade agreement with the US if the Americans seek new negotiations on semiconductor trade under the "Super 301" trede suit cur-rently being prepared hy Mrs Carla Hills, the US Trade Representative.

Inclusion of Japanese semiconductor trade practices in conductor trade practices in any action under the Super 301 provisions of US trade law passed last year "would provide grounds upon which Japan is entitled to terminate the arrangement," the industry told Mrs Hills yesterday.

"New perotistions (under

"New negotiations (under the Super 301) are unnecessary and could lead to termination of the arrangement," it said. The report was filed by the Electronic Industries Association of Japan which has worked closely with Japan's Ministry of International Trade

and Industry throughout the trade dispute, It claims that there are important legal and policy reasons why Japan should not be

included in the Super 301. "Negotiations have been under way for more than 2% years," said the report. "To impose Super 301 would be duplicative, unnecessary, and in conflict with the terms of the (1986) Arrangement and

negotiations enjoys varying degrees of support from Den-mark, Norway, Belgium, Greece, Spain, Italy and Lux-embourg, while France also inconsistent with the purposes of Super 301."

A list of priorities for US trade action will be established in the National Trade Estimates report which forms part sympathises with Germany's wish to delay any early deci-sion on modernisation. of the process and is expected to be published late today. No decision on which countries The officials add that most of Bonn's allies, including the US, and trade sectors are to be cov-

Delors pots brave face on withholding tax setback, Page ered hy the Super 301 is expec-ted until May 30, however. Inclusion of Japan in the Super 301 has become a matter of intense congressional inter-est as well as the major focus of efforts by the US semicon-ductor industry to increase pressure on Japan to open its markets to foreign chip suppli-Solid hat uninspiring, and

The US industry claims Japan has failed to meet promises under the 1986 trade pact to ensure greater access to the \$18bn-a-year Japanese semicon-

ductor market for foreign chip

a pro-democracy movement named after that date which is

still revered in China.

makers.
Although foreign manufacturers' share has increased slightly since 1986, from about 8 per cent to just over above 10 per cent, the US claims that progress bas not come close to satisfying the agreed goal of a 20 per cent foreign market

share by 1991. The US imposed trade sanctions on selected Japanese goods in 1987 in the form of 100 per cent import tariffs. If Japan is included in the list of priorities for action

under the Super 301, new nego-tiations on the semiconductor dispute would be required. The US industry would then be expected to seek additional trade sanctions.
US trade officials, including
Mr Robert Moshacher, Com-

expressed concerns about the Japanese trade dispute and indicated that it is a top prior-Super 301 requires the US Trade Representative to pursue the elimination of "priority

merce Secretary, have already

unfair practices", an attempt to attack practices that impede market access.
Negotiations with "priority countries" must proceed over a three-year period, with prog-ress being shown in each of the

three years. Unless there is progress, retaliation is called for under the new trade law. Super 301 differs from Section 301 trade cases, which are targeted against specific indus-

tries or practices. Japan is and always has been Congress's prime candidate for Super 301 The US trade deficit with Japan exceeded \$50hn last year

improvement in 1988.

Leaders agree to as Peking University students. On May 4 1919, Peking students protested against the distribution of Chinese territory to foreign powers under the Treaty of Versailles and set off dialogue with the protesters

By Peter Eilingsen in Peking

CHINA'S ruling State Couocil agreed yesterday to a dialogue with studeots, meeting demands which have been voiced in demonstrations in Peking since the death of Hu Yaohang, the former party leader, nearly two weeks ago. The concession followed a

march, despite repeated warnings from the authorities, by more than 100,000 students. By sheer weight of oumbers they forced a large police pres-ence to abandon attempts to

stop them. It was China's largest protest since the Cultural Revolntion and one of the most sig-nificant challeoges to the aothority of the party since Mao Tse-tung led the People's Liberation Army to victory in

There may now be a shake-oot in the leadership and some concessioo to political reform. Since the studeots effectively defied the party, China's political agenda is irrevocably altered although it remains to be seen what kind of dialogue the leadership will propose.

In the first official response to the march, state radio qooted a spokesman for the State Council as saying it welcomed a dialogue with stu-dents "any time," but that this must take place in a "calm and

restrained atmosphere." Led by about 80,000 chanting students, the crowd brushed aslde six separate police road blocks to march 10 miles from university campuses to the centre of the capi-

Students, holding hands and singing the national anthem, received lond and enthusiastic support from an estimated 500,000 spectators Faced with so many people, the army's crack 38th Divi-sion, brought to Peking to con-trol the march, stayed on the

sidelines. The students, well co-ordinated by marshals wearing red armbands, kept to one side of the road to let traffic pass, hnt people joining the demonstration soon made that impossi-ble. They overran two more police contlogents before being joined by a huge group from Peking Normal Univer-sity. At this stage they were

more than 100,000 strong. It was a remarkable speciacle, with traffic in the north of the city completely halted, workers waving their hard hats in support, and girls run-ning ont of huildings to cheer

Now we're really moving

and shows little sign of



EUROPEAN NEWS

De Mita waves olive branch in Nato missiles row

By John Wyles in Rome

ITALY'S Prime Minister, Mr Ciriaco De Mita, is expected to recommend his Government's position as a possible compro-mlse to the Nato row over short-range nuclear weapons modernisation when he meets Mrs Margaret Thatcher in Lon-

don today.

By a happy coincidence, he has the opportunity to outline Italy's broadly minway position to the two European poles of the argument within a few days of each other, since Chan-cellor Helmut Kohl of West Germany is due in Rome for talks on Tuesday.

The Italian view was developed some time before the recent flare-up between Britain and the US on one side and West Germany on the other over the wisdom of beginning negotiations with the East bloc on reducing short-range nuclear weapons in Europe. Broadly, Rome believes the

argument to be unnecessary since, like the West Germans, it accepts that no decision on modernising the existing weap-ons need be taken before 1992. As for heginning negotiations on their reduction, Italy believes they should be negotiable but that the start and content of any negotiations should not be decided until it is seen how much progress is possible in the negotiations on conventional arms limitations.

Mr Ciulio Andreotti, the Italian Foreign Minister, told a parliamentary committee yes-terday that Italy had "full understanding" of West Ger-man sensibilities and hoped that negotiations on short-raoge weapons could eventually get under way. The Italian formula — "no early talks, no early decision on modernisation" — is similar to

that of France. The Italian minister said he believed progress at CFE talks in Vienna on conventional weapons would help Nato develop a negotiating position on the nuclear question.

"It seems logical to us to negotiations over the largest of the conventional imbalances," said, adding: "We don't exclude negotiation (over short-range missiles), even if our aims and methods are different from those recently pro-posed by the Warsaw Pact."

US software makers step up attack on Italian 'copying'

Royal, 12, Boulevard Royal, Luxembourg,

period ended December 31, 1988.

period ended December 31, 1988.

Any shareholder whose shares are in bearer form and who wishes to attend the Annual General Meeting must

produce a depositary receipt or present his share certifi-

A shareholder wishing to be represented at the mee-ting must lodge a proxy, duly completed, together with a depositary receipt at the registered offices of SRH at

32. Boulevard Royal, Luxembourg, not later than May

8. 1989 at 5 p.m. The shareholder may obtain the depo-

sitary receipt and if required, the form of proxy, from any of the banks listed below by lodging the share certi-

ficates at their offices or by arranging for the bank by

wbom his certificates are held to notify any of the

banks listed that shares are so held.

Any shareholder whose shares are registered will receive a notice of the Annual General Meeting at his

address on the register, together with a form of proxy for use at the meeting. The proxy should be lodged at SRH's offices in accordance with the above instruc-

Directors are eligible and stand for re-election.

1. Chairman's Statement.

2. Statutory Auditors' Report.

By John Wyles in Rome

US SOFTWARE producers yesterday renewed their attack on illicit copying of computer programs in Italy, announcing prosecutions against the state-owned Enichem Agricoltura and a small Roman producer of petroleum products, Maxcom Petroli.

The Business Software Association, which represents the major US software producers, deliberately chose to move against companies of very dif-ferent size to demonstrate its determination to clampdown on the widespread practice of software copying in Italy. The move follows the

announcement a fortnight ago

of legal action against Montedi-son, Montefibre and Elettrocarbonium, after court-ordered raids on their offices.

The BSA claimed yesterday that similar checks had revealed that 50 per cent of the Ashton Tate and Lotus software in use at Enichem Agricoltura had been copied, while Maxcom Petroli was using very little else hut copied software. Enichem last night disputed

the BSA figures, saying that only 33 per cent of the software was not original. Copies had been made by individual users 'for their own convenience' hut it was not company policy to encourage copying.

for the purpose of considering and voting on the following matters:

SAFRA REPUBLIC HOLDINGS S.A.

LUXEMBOURG

NOTICE IS HEREBY GIVEN by the Board of Directors of the Company that the Annual General

Meeting of Shareholders of SAFRA REPUBLIC HOLDINGS S.A. ("SRH") will be held at the Hôtel

on May 10, 1989 at 11.00 a.m.

3. Approval of the parent company only unconsolidated financial statements for the first financial

5. Approval of the proposed appropriation of USS 400,000 to the legal reserve, distribution of an

public offering to December 31, 1988 and the carrying forward of the balance of the profit.

6. Election of the Board of Directors and of the Statutory Auditors for a new one year term. All the

Election of Mr. Peter Cooke as a new member of the Board of Directors.

7. Approval of the remuneration of the Board of Directors and the Statutory Auditors.

Discharge of the Directors and of the Statutory Auditors concerning their duties relative to the

initial dividend of USS 0.35 per common share for the two month period from the closing of the

Approval of the consolidated financial statements of the Company for the year ended December

 Union Bank of Switzerland, Bahnhofstrasse 45, 8021 Zurich * Union de Banques Suisses (Luxembourg) S.A., 36-38 Grand-Rue, 2011 Luxembourg Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, 2955 Luxembou * Republic National Bank of New York, 30 Monument Street, London EC3R 8NB
* Republic National Bank of New York (Suisse) S.A., 2, place du Lac, 1204 Geneva

Republic National Bank of New York (Suisse) S.A., Via Canova 1, 6900 Lugano

* Republic National Bank of New York (Luxembourg) S.A., 32. Boulevard Royal, 2449 Luxembourg

Republic National Bank of New York (France) S.A., 20. place Vendome, 75001 Paris

Republic National Bank of New York (France) S.A., 24, rue Feydeau, 75002 Paris

Republic National Bank of New York (France) S.A., 24, rue Montaigne, 75008 Paris

Republic National Bank of New York (France) S.A., Sporting d'Hiver, 2, avenue Princesse Alice, 98006 Monte Carlo Republic National Bank of New York (Guernsey) Ltd. Sarnia House, Le Truchot, St. Peter Port, Guernsey, Channels Islands Republic National Bank of New York (Gibraltar) Ltd. Neptune House, Marina Bay, Gibrakar * Paying Agent of Safra Republic Holdings S.A.

Delors puts brave face on withholding tax setback

By David Buchan in Brussels

MR JACQUES DELORS yesterday put a brave face on the setback caused by the Bonn Government's scrapping of its own withholding tax to European Commission plans introduce a similar tax in all 12 EC states.
The Commission president

said be was reassured by Chan-cellor Helmut Kohl's promise to work together with his EC partners for a common EC savings tax, despite Bonn's abolition of its own withhold-

ing tax on July 1.

Most EC officials yesterday saw this as the only silver lining in the black cloud that Bonn has now cast over the fate of the Commission's proposal for a minimum 15 per

cent withholding tax. The aim of the EC plan is to minimise the risk of destabilising flows of tax-shy money into low-tax centres like Luxem-bourg, after July 1 1990 when most EC states are due to lift all exchange controls. However, some EC officials

believed that Bonn's abolition believed that Bonn's abolition of the quellensteuer or withholding tax might reverse the flow of money which left West Germany for Luxembourg last year when the tax was introduced. Thus, they reasoned, Luxembourg might have cause to review its position on the EC tax plan, which, like that of the UK, is one of hardline opposition. EC tax plans require unanimous assent.

But a senior Luxembourg Finance Ministry official yes-terday discounted this possibility, claiming that West Germans would continue to make use of the duchy's well-developed "private banking" services and that therefore any return flow of money to West Germany would be minimal. Luxembourg was as encouraged hy recent events in

France as in West Germany in its quest to avoid a Community-wide withholding tax, the official said. The French law on so-called

Sicav (Syndicats d'investisse-ment à capital variable) invest-ment funds had last week been clarified to allow profits to escape tax until investors

Luxembourg Sicav funds, and the Paris Government less of an outflow to fear after July

next year, the official argued. George Graham in Parls adds: France reacted with disappointment yesterday to West Germany's decision to with-draw its withholding tax. The French Government has insisted that the liberalisation of capital movements within the EC must be linked to EC-wide harmonisation of capital

taxation systems.

Mrs Edith Cresson, Euro pean Affairs Minister, said that France would continue to press for this linkage. "But I would

chose to withdraw their stakes.

Frenchmen would therefore have less incentive to invest in will not be created if every the single European market country allows its purely national interests to prevail," she said. "We have made the necessary efforts. Our partners, starting with one who has often been in the forefront of the battle for Europe, must

> common task."
>
> Given the long French tradition of holding illegal bank accounts in Switzerland, the French government is convinced its citizens will be quick to invest ahroad, to escape heavy tax rates and, more importantly, the declaration which French banks must make to the tax authorities. ...

also bear their share of the

Judy Dempsey in Vienna writes: Austria will not follow West Germany in abolishing the withholding tax, despite the close alignment between the two countries' interest rates, Mr Helmut Klauhs, president of the Austrian National

Bank said yesterday.

In a statement reflecting his determination in bring the country's banking and financountry's banking and than-cial system more into line with European Community stan-dards, Mr Klauhs said "we will retain it. But we well keep an eye on how other BC countries will react." The Socialist-led coalition Government introduced the controversial with-holding tax as part of its major tax reform last January.

Chunnel show star makes breakthrough

By Andrew Taylor at Calais

THE STAR of the show appeared just after 1.20pm, right on cue, in front of about 500 press and television people - mostly from France, Britain and Japan - and about 1,000 friends and dignitaries.

Virginie, as she is affectionately known here, is a 400-tonne machine for boring tunnels which has spent the past nine months digging a three-kilometre stretch of the Channel Tunnel from Sangatte, on the French coast, to Coquelles, just outside Calais.

Passengers travelling through the tunnel from Britain to the Continent will appear on the surface there for the first time since they went below ground at Shakespeare Cliff, on the Kent coast. The 50-km journey is expected to

last about 20 minutes. Virginie's hreakthrough yesterday represented an impor-tant landmark for the Anglo-French project, Either side of the steel cutting head, as it emerged from the chalk escarpment, were two 30-foot figures representing King Henry VIII of England and François I of France.

The two monarchs met 450 years ago, nearhy at Ardres, in an attempt to reconcile their differences at the Field of the Cloth of Gold, so called because of each king's efforts to out-do the other.

The service tunnel is the

first of three tunnels to be dug. The other two, either side of the service tunnel, will carry railway tracks.

railway tracks.

The Japanese were ont in force at Coquelles yesterday. They have provided a large slice of the 25m of bank borrowings and standhy credits for the project. Japanese engineers also hull the tunnethoring machine which broke through vectorias.

through yesterday.

The head of Mitauhishi
Heavy Engineering, who made
one of several speeches yesterday, said his machine had achieved a world record - 886 metres in a month - for this

One of the first tunnel workers to appear from the machine's large hole was Mr Tony Bray, a 49-year-old Briton who has lived in Calais for the past 18 years. He said his son, William, was working with him in the tunnel.

him in the tunnel.

Nearby was the site of the
French Channel Tunnel rail
terminal which, when complete, will be the size of Heathrow Airport and be the largest
single commercial development in Europe.

The Board of Directors

The remittance of the form of proxy will not pre-

clude sharebolders from artending in person and voting

All the resolutions covered by the Agenda may be passed by a simple majority provided that no single sha-

reholder or proxy may cast votes in respect of more than one fifth of the issued share capital or more than

Shareholders may obtaio copies of the documenta-tion listed hereunder:

2. The 1988 Annual Report including the Chairman's

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Statement, the Statutory Auditors' Report, the con-

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two fifths of all shares represented at the meeting.

at the meeting if they so desire.

Party chiefs hit out at Gorbachev

By Quentin Peet in

MR MIKHAIL GORBACHEV faced a barrage of criticism from powerful Communist party bosses at this week's stormy central committee meeting, blaming half-baked law-making and the failure of economic reforms for the popu-lar backlash against the party in last month's elections.

However, he rounded on the doubters, denouncing mismanagement throughout the economy, and the failure of party organisations to adapt to the demands of popular democ-

He urged party committees to make changes in their leadership "wherever our common cause suffers without them," and he rejected any suggestion

and he rejected any suggestion of a slower pace in economic and political reform.

Full details of the soul-searching dehate at the plenum of the party's ruling body began to be published yesterday in the Soviet press, showing that speaker after showing that speaker after speaker hlamed the deterioratng economy, food shortages

ing economy, food shortages, lack of consumer goods, and housing conditions for the backlash at the polls, which saw a string of regional party bosses voted down by electors. However, the very fact that the full debate is being published (at Mr Gorbachev's suggestion) indicates that the Soviet leader emerged with his authority enhanced.

authority enhanced.
One of the sharpest contributions came from Mr Yuri
Solovey, the Leningradregional party leader and junior politburo member, who was the most senior man to be defeated in the election. "It is our view that reform

has come to a standstill," he said. "One gets the impression we have not come to grips with it yet. We need to add to this the hasty; ill-considered and inconsequential nature of a number of legal acts that have been adopted, like the anti-al-cohol campaign and the co-operative movement."

Mr Gorhachev himself, strengthened by the mass resignation of 110 one-time leaders from the era of Mr Leonid Brezhnev, cama back at the critics with one of his most powerful speeches of recent months, openly admitting the dire straits of the Soviet economy, by insisting that the reform process must if any-thing accelerate.

thing accelerate.

"Some people are even beginning to panic and very nearly perceive a threat to socialism," be declared. "I do not agree with the extreme judgments that the party is nearly losing its position in the country, or that it has turned into a discussion club.

He admitted that the party leadership had failed to diag-nose the chronic ills of the Soviet economy soon enough. The flood of criticism from ordinary workers at the lack of food, consumer goods and decent housing was entirely justified

However, the extent of the concern in the party was shown by the contribution of Mr Vladimir Melnikov, a staunch supporter and party leader in the Komi antonomous republic.

He said that the public con-

demnation of the hureaucracy
both of the state and the
party - had become so widespread, that for a party official
just to stand for election was
to court defeat. Many party eccretaries were refusing to contemplate running for office in September's local elections.

FINANCIAL TIMES

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EC urged to defend electronics industry from foreign rivals

By Terry Dodsworth

THE European Community must adopt a coherent policy to defend and develop its electronics industry in the face of overseas competitors, Mr Jean

overseas competitors, Mr Jean Caillot, chairman of the French Electronics Industry Association, said yesterday: Speaking at the Financial Times World Electronics Con-ference in London, Mr Caillot, who is also president of Thom-son International called for a son International, called for a long-term strategy to secure Europe's "political, economic, cultural and social freedoms".

This should include new

ground rules on pricing, anti-dumping and product origins, along with protection against screwdriver plants assembling imported components. in addition, it should involve

development of a European standards policy and financial support for research and indus-trial restructuring.

"Lastly, the policy must ensure that it is no easier for non-EC competitors to cross European houndaries than it is for European companies to hreak into the competitors' home markets."

Streeting that electronics Stressing that electronics was one of the key strategic industries of the future, Mr

Caillot said the EC should prevent its members following pol-icles which risked de-industr-lalisation by encouraging industries from outside to set up in the region.
. Mr Caillot's speech set the

tone for a day was largely dom-inated by issues of industrial policy, trade and the strength. ening of Europe's position in.

Mr Pasquale Pastorio, president of SGS-Thomson, the Italian-Franch semiconductor group, said he supported free trade but that this could only. result from fair trade and reci-

procity.

Citing figures showing that European chip companies had only a 37 per cent market share in the region, against an 89 per cent share by Japanese companies in their own mar-ket, he said "trade is fair only

when it is balanced".

Europe had suffered, Mr Pistorio continued, because that up to now it had not acted as a single country. Moves towards



CONFERENCE

WORLD **ELECTRONICS -EUROPE'S ROLE IN** AN INTERNATIONAL INDUSTRY-

THE potential gains from the single European market could not materialise unless eco-nomic and monetary policy were placed on a common and binding footing, Mr Frana Andriessen, the BC External Affairs Commissioner, said yesterday, writes Peter Mon-tagnon, World Trade Editor. "European Integration can-

not and will not be limited to the single market," he told the conference. Economic and monetary integration was an essential part of the nitimate objective of European Union to which all member states subscribed in the Single European. Act, he said. "It is not in the interest of any member state, or any particular economic sector, to seek exceptions."

an integrated market in 1992 would help, but European chip companies could not wait that long to step up the level-of.

Ogy.

"Unless we keep up in the technology race we in Europe could well find ourselves out in the industrial cold ... controlled access to microelectronics is fundamental to the very survival of Europe as an industrialised society.

A similar point about the need for co-operation and rationalisation was made by Mr Hans Gissel, a director of AEG of West Germany. He argued that the rapidly increasing cost of research and development in electronics was making it impossible for nationally-hased European

companies to fund all their own projects. Mergers or joint ventures were hecoming unavoidable.

This tendency for global co-

operation also demanded the global market. "Our future would be in great danger if protectionist tendencies were to gain a foothold and compel the isolation of markets."

Mr Jean-Marie Cadlou, director of the European Commis-sion's Esprit research project in information technology, said the programme was woll-placed to provide a platform to develop new technology, and to act as a catalyst for joint ven-tures and restructuring.

Esprit had registered a num-ber of specific industrial achievements, such as the development of a super minicomputer and a computer communications system for manufacturing environments.

acturing environments.

But the programme had also had positive indirect effects in improving the confidence and morale of the European electronics industry and in foster-

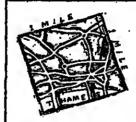
ing strategic joint projects. European information tech nology companies had doubled their research, development and capital investment in the last four years and were now spending virtually as high a

spending virtually as high a proportion of their sales in these areas as US groups

The importance of Esprit was stressed by Mr Emmanul de Roblen, director of long-term strategy at Machines Bull, the French computer group. The joint European research, programme had served as a catalyst for many co-operative projects in a period in which European computer manufacturers had

staged something of a come-back. Mr Robien said from 1983 European computer companies had increased their share of the market from a third to a half, partly because of increasing awareness of the stakes involved in the worldwide competition in information tech-

European producers had re-organised themselves, put more money into research and development, and developed aggressive acquisition policies.



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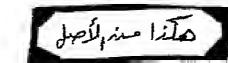
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French employers outline 1992 demands

By Ian Davidson in Paris.

THE French employers' organisation, the Patronat, has thrown itself into the campaign for the election to the European Parliament, with an open letter ontlining its demands for the single European market in 1992.

Significantly, the letter signed by Mr François Perigot, President of the Patronat, argues with a vigour which would meet the approval of Mrs Margaret Thatcher, British Prime Minister, against any idea of a Social Europe which might increase industry's costs might increase industry's costs or limit the freedom of man-

agements to manage.

The letter, which is being sent to all the French candidates in the June 18 election, and published in the national press today, is a follow-up to a major media show staged by the Patronat last December, in which the employers' organisations from all the Community countries signed a solemn dec laration on their commitme to the single market.

It is a further symptom of the intensity, mingling hope and anxiety, with which the Single European Market is regarded in France.
The Patronat calls on the

French Government for reductions in corporate taxation and in social security contributions, both of which are higher, it claims, than in competing European countries.

It says the tax burden on companies runs at 17 per cent of gross domestic product in West Germany and seven points higher than in Britain; while France's social security costs are 34.2 per cent of GDP, compared with 24.6 per cent on average within the Organisa-tion for Economic Co-operation and Development (OECD).

ing alternative to the Commission's proposal for harmonising value added tax in the Community, It claims that the Brussels plan, under which VAT would be partially harmonised within two wide

brackets, is impractical. Instead, the French employ ers propose a standstill with the existing system, and a gradual harmonisation on identical rates throughout the

The idea of a Social Europe, though so far ill-defined, is a high priority both for the French Government and for Mr-Jacques Delors, President of

Mr Perigot acknowledges the idealism behind the idea, but argues strongly that it is not a high priority.

"Certainly, the Europe of companies must also be a Europe of citizens, a Europe of wage-earners. But whatever the temptation to want to guarantee each citizen of Europe an equal share of the advantages, reason tells us that this is not the right way to proceed."

The top priority must be to mobilise all Europe's resources to become competitive.

West irked by pace of chemicals talks

By William Dullforce in Geneva

FRUSTRATION OVER the lack of progress in negotiating an international ban on chemical weapons was widely voiced by Western delegates yesterday, as the 40-nation UN disarmament conference ended its

spring session.

Despite the attention focused on the issue by the Paris conference in January, at which 149 nations called for the elimination of chemical arms, no movement had been achieved on any of the main outstanding

issues during the past 10 weeks, one delegate said.

Among the issues he named were the right to inspect suspect sites on challenge, the order of destruction of production plants and stocks and a tion plants and stocks and a state's obligation to control the activities of a multinational chemicals concern outside its

home territory.

Mr Pierre Morel, the French ambassador, who has been chairing the talks, said that, while the results might appear to fall short of the ambitions set by the Paris conference, more countries had started to participate actively in the talks and difficulties had been more clearly identified.

He expected "real and intensive negotiations" on a conven-tion banning the production, stockpiling and use of chemical weapons to start when the conference resumed its work on June 12. However, Mr Carl-Magnus Hyltenius, the chief Swedish negotiator, complained that

progress had been "far too modest". Mr Hyltenius called on the US and the Soviet Union, the two main possessors of chemi-cal arms, to "exercise some leadership" on the challenge inspection issue. Earlier this month, speaking on the lifth anniversary of the

on the fifth anniversary of the day on which President (then Vice-President) George Bush had tabled a draft chemical weapons treaty to the conference, Mr Max Friedersdorf, the US representative, urged dele-gates to get to grips once and for all with the challenge pection issue.

Mandatory, short-notice, onsite inspection was the linch-pin of a verification regime for the treaty and there would be no foundation for the resolu-tion of other issues, until that fact was acknowledged, Mr Friedersdorf said.

The Soviet Union has accepted the idea of challenge inspection. Other countries, among them Arab states reluc tant to abandon chemical weapons as a counter to the nuclear arms Israel is believed to possess, balk at its implica-

EC steps up | W Berlin signals red-green to Bonn battle over **HDTV**

By William Dawkins in

THE European Community yesterday stepped up the battle against Japanese competition to win world acceptance for its own standards for high definition television (HDTV) in the

A meeting of Telecommunications Ministers formally endorsed the HDTV standards being developed by a consor-tium of European electronics companies participating in the French-inspired Eureka collab-orative research project. Philips of the Netherlands, Thomson of France and Bosch

Thomson of France and Bosch of West Germany are the leaders of the scheme, which produced the first European HDTV prototype last year.

HDTV prototype last year.

HDTV is expected to become commercially available across Europe in the early 1990s, by which time the Commission estimates the world market will be worth Ecn100bn (\$1.1hn) annually. Until recently, full agree-ment on an EC norm had been

held up by Italy's preference
- now abandoned - for Jspanese HDTV standards.
The EC technical standards will be presented to the CCIR, the international radio-commo

nications consultative commit

tee, due to decide on the world norm for HDTV next year.

Governing Mayor of West Berlin, appears to be relishing the extraordinary attention his five-week-old coalition of Social Democrats (SPD) and Greens is attracting among West Germans as well as the three Western Allies and Soviet Union in Berlin. If the "red-green" experiment succeeds in West Berlin and the fortunes of

R WALTER MOMPER, the

Chancellor Kohl's Christian Democrats fail to improve in Bonn it is widely held that a similar alliance could emerge from West Germany's elections late next year. Even President George Bush was interested in the West Berlin coelition, Mr

Momper said in an interview this week after his return from Washington. "The first question the President asked me was how the first four weeks had been?"

Mr Bush's keen interest and that of State Department officials went far beyond the normal concern shown in Washington for the West's walled in protégé. "They can add two and two, and they know that if this succeeds here then it cannot be

ruled out in Bonn," said the 44-year-old Mayor. But Mr Momper's rambunctious ally, the Alternative List, as the Greens are known in West Berlin, had a jarring welcome in store when he returned from the US. Leading AL politicians reacted venomonsly to the his invitation to the President to visit West Berlin which was

promptly scepted.
"We can live without a visit by Bush," said Ms Hilde Schramm, the AL vice president of the West Berlin Parliament. While the party stuck to its coalition before to preper the status of Berlin and pledge to respect the status of Berlin and the Allied presence there, it would demonstrate against Mr Bush.

"We are critical of US policy in

Leslie Colitt speaks to the city's pioneering new Governing Mayor

Nicaragua and Washington's insistence on modernising sbort range nuclear weapons," she declared.

The unflappable Mr Momper replied that he could only advise his fellow Germans that "Bush is not Reagan." The President was introducing more dynamism into East-West relations and had reduced

interventionism in Central America to a

If the "red-green" experiment succeeds in West Berlin and the fortunes of Chancellor Helmut Kohl's Christian Democrats fail to improve in Bonn, it is widely held that a similar alliance could emerge from West Germany's elections late next year

minimum. "One does not realise this bere," be said. The Americans bad expressed their understanding of such clashes of opinion within the red green coalition by noting that this was part of the democratic process

The Mayor – who dislikes being ddressed with his formal title of Governing Mayor and prefers the egalitarian Herr Momper - weathered the coalition's first crisis by ordering the police to eject illegal occupiers of abandoned buildings and to remove young demonstrators who occu-pied his office for three hours in sympathy with convicted terrorist hunger strikers.

Mr Momper was given an unusually favourable press by East Germany which has been svidly wooing the SPD for years, and he is to visit President Erich Honecker in East Berlin.

But first he will complete his obligatory round of visits to the Allies by having talks in London next week with Mrs Margaret Thatcher and the Foreign Office and paying his respects in Paris.

Only then can he begin to think about an expected visit to the Soviet Union where Izvestia gave his coalition a very friendly write-up. He would be the first West Berlin mayor to make it to Moscow.

His predecessors badly wanted to go but were dissuaded by the Soviet refusal to fully accept West Berlin's links with Bonn. "That's what makes this so fascinating," Mr Momper said.

When he presented his government's ambitious goals of greater social equality. environmental protection on both sides of the Wall and more jobs for West Berliners, two senior East German officials were present at the speech in Rathaus Schöne-berg, the seat of West Berlin's Govern-

Mr Momper regards this as a further sign that East Germany wants to gain as many advantages as possible from the cap-italist outpost of West Berlin. In return the Western side will press for closer contacts between East and West Berlin.

"Everything which was a disadvantage for West Berlin hefore Gorhachev can now become an advantage for the city," he said, with the quiet conviction of a man wbo, rather untypically, came from West Germany 22 years ago to make his career in West Berlin and who has now been pushed into the political limelight.

Brittan warns on airline liberalisation

By David Buchan in Brussels

EUROPE may be liberalising air transport as the US has already done, but the Euro-pean Commission will not turn the same blind eye towards airline mergers as the US authorities have shown, Sir Leon Brittan, EC competition commissioner, warned yester-

Sir Leon told a conference in Brussels that mergers between airlines established in the same country or at the same airport were more "likely to fall foul" of EC competition rules than cross-border merg-ers between airlines based in different European Commnnity states.

This was because mergers inside a single national mar-ket were more likely to reduce the number of routes operated in parallel and the number of ential competitors for the same licences on new routes.

The pertinence of Sir Leon's warning lay in the fact that the Commission has two 'domestic" airline competition cases to settle shortly.

The first is a takeover bid by KLM of the Netherlands, for Transavia, another Dutch carrise, and the second the com-plaint by UTA, the private French carrier, against the French Government for refus-ing to award its routes inside Europe and reserving these instead almost entirely for Air

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One step forward, and one back for IRI chief

By Alan Friedman in Milan PROFESSOR Romano Prodi.

chairman of the giant IRI state bolding group, has won a vic-tory and suffered a setback in his campaign to instal entrepreneurial managers in Italian state industry.

His victory was to secure more powers for Mr Carlo Verri, the talented and apolitical new chairman of Alitalia. the state airline. The sethack came at the

undercapitalised Banco di Roma, where patronage loving party political leaders have forced Prof Prodi to expand the number of managing directors AMSTERDAM-

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(The Netherlands)

from two to three.

Mr Carlo Verri took over at Prodi succeeded in ousting Mr Tumberto Nordio, whom he accused of "a myopic management and reactionary policies".

But Mr Verri, a highly

acclaimed private sector manager who had turned round the ager who had turned round the
Zanussi home appliance company, soon found himself surrounded by political cronies,
mostly Christian Democrats.

So anguished has he become
that he has been said to be on
the verge of quitting Alitalia
for months. Instead, it was
announced vesterday that Mr

announced yesterday that Mr Verri's executive powers are being strengthened and the two managing directors left over from the Nordio era are leaving, to be replaced by Mr Giovanni Bisignani, the 43year-old head of international affairs at IRI who has Prof Prodi's backing.
At the Banco di Roma It

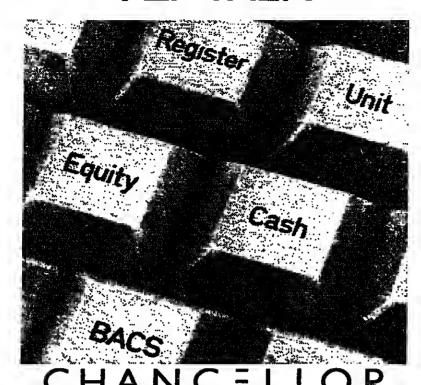
At the Banco di Roma li looked as though Prof Prodi had achieved a victory last Christmas when he installed Mr Antonio Zurzolo, the respected director-general of IRI, as chairman of the feeblest of the state holding company's three commercial banks.

But-yesterday it emerged that political leaders have

that political leaders have forced IRI to appoint three managing directors under Mr Zurzolo, with responsibilities which remain distinctly

IRI says Mr Zurzolo will have significant executive supervisory powers at the undercapitalised Banco di Roma, but the extent to which the political parties have got their claws into the bank is evinced by the fact that a much-touted shareholding alliance between the bank and IMI, the cash-rich corporate finance institute, appears to have been blocked, at least temporarily, by the politicians

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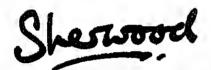
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EUROPEAN NEWS

Listening to the voice of Hungary

Leslie Colitt, in Budapest, looks at the nation's vibrant media

UNGARY'S lively and outspoken press, radio and television are providing daily political revela-tions to appreciative Hungari-ans and shocks to the conservative leaderships of

Eastern Europe.
Orthodox Czechoslovakia reacted angrily to Hungarian TV's interview on April 17 with Mr Alexander Dubcek, the deposed Czechoslovak reform-ist leader – the first in the official Eastern European media since his ousting in 1969. It caused a sensation among viewers in adjoining Slovakia. The Czechoslovak Foreign Ministry promptly accused the Hungarians of interfering in Czecboslovakie's internal affairs and warned against fur-ther "such incidents."

Undaunted, however, Mag-yar TV, responded this week by airing the second part of its interview with Mr Dubcek. East Germany too has been taken to task in the Hungarian press which recently labelled the Berlin Wall an "anachro-

The Hungarian media, however, reserve their special dis-dain for the Romanian ruler, Mr Nicolae Ceausescu. Magyar TV, which has given wide coverage to Mr Ceausescu's village-razing programme and to the many ethnic Hungarians from Romania who applied for asylum in Hungary, has been permanently banned from entering Romania.

Protests may rain down on the Hungerien euthorities from Prague, East Berlin and Bucharest, but the standard reply in Budapest is that the Hungarian media enjoy freedom of expression. Remarkably, most of this freedom has existed for only the past eight months. A liberal new press law being drafted by the Justice Ministry will give individuals the right to establish a newspaper or magazine. The sole require-ment will be registration with the authorities hut not their

permission. Although official censorship no longer exists, "central influence" on the press, which is sponsored by the Hungarian Communist Party and the Gov-ernment, is still felt – according to Ms Györgyi Kocsis, the domestic economy editor of Heti Vilaggazdag (Weekly

World Economy-HVG).



Newly-emerging political parties grasp on to strands from the main rope of Hungary's Communist Party – The Big Grab – as seen by the country's Weekly World Economy (HVG) magazine

prestigious economic and political magazine, models itself on The Economist and until

recently was the most outspo-ken Hungarian publication.

It began publication 10 years ago with a circulation of 12,000 and now sells 163,000 copies. This month it was turned into e joint stock company, the first in which employees have a 10 r cent stake.

Magyar Nemzet, the daily newspaper of the Patriotic Peo-ple's Front which is spearheading political reforms, is also highly critical of the establishment and even Nepszabadsag, the Party newspaper is grow-ing increasingly brazen. The Hungarian newsagency

MTI which lagged behind in openness, recently launched e special service for opposition political groups who were mif-fed by the agency's refusal to carry more than abhreviated versions of their statements.

or a fee, MTI will circu-late the opposition's statements verbatim to the Hungarian media. One of the best-selling of the more than 100 new publications established in the last year Owners of newspapers, how-ever, sometimes also try to act 1987 - is the weekly newspa-

It contains a bealthy dose of Magyar netionalism and is awash in the red, white and green national colours.

Hungarian intellectuals dis-paragingly compare it with Austria's sensational Kronen Zeitung, but the public-at-large enjoys the racy format. Reform started up last Sep-

tember with a circulation of 100,000 and is now up to 300,000. Mr Peter Töke, editorin-chief, said he could sell 400,000 copies if he good get the newsprint. In its first four months it earned its owners

Forints 7m.

Mr Toke stressed that
Reform is as far removed from the Party as from any of the new political groups although the Party has 15 per cent of the shares in the joint stock com-pany which owns the newspa-

Three banks have 50 per cent and the remainder is held by Hungarian TV, the Chamber of Commerce and a foundation. Mr Töke said that although "we honour our publisher as in the West" Reform sometimes was criticial of the Party.

ecently, for example, it carried an article condetaning the way the

Party used its funds. "Self-em-sorship is changing and is becoming more and more flexible" he remarked, noting that only a half a year ago the newspaper would not have been able to publish the views of the opposition which it regu-

larly does now. Hungarian Radio, long in the

Hungarian Radio, long in the forefront of freedom of information, recently presented a biting cabaret spoof in which the subject was the 1956 Hungarian Uprising.

The Central Committee recently deemed it to have been a genuine popular uprising at the start which only later became a counter-revolution.

tion_ It broadcast e mock version of a Central Committee statement which sarcastically alluded to the role of Mr Janos Kadar, the former Hungarian leader who supported the crushing of the uprising with Soviet tanks. The statement noted that the

'Cabaret Committee" studied with great interest a statement which said: "With regard to 1956, an evaluation seems to be still premature as many people who participated in the events then are still alive.

The Cabaret Committee expresses its sincere joy over the fact that many who participated in the events at the time are still alive.

At the same time it expresses its sincere regret that very many of the participants of the then events are

long dead." Hnngarien Radio was also the first to interview Mr Lech Walesa, the Solidarity leader, as well as Mr Adam Michnik, the Polish opposition ideolo-

On balance the highly literate Hungarian press as well as TV and radio manage to provide a hreadth and quality of domestic and foreign news cov-erage which would be difficult to duplicate in many Western countries.

The press is also proving to be tempting to investors. The liberal view taken by the Hungarian leadership toward the domestic media extends to the

foreign media as well. Radio Free Europe which broadcasts into Hungary and other East European countries from Munich and has been the Eest's favourite Western demon for decades, was allowed to send a permanent correspondent last month to Budapest.

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United Cable Television Corporation

5%% Convertible Subordinated Debentures Cue July 9, 2001

CONVERSION RATE: \$26.00 in principal amount per share of United Cable Common Stock, as adjusted for a 3-2 stock split in August 1987

Notice of Merger

Notice is hereby given that the proposed mergers contemplated by the Second Amended and Restated Agreement and Plan of Reorganization and Merger (the "Merger Agreement") dated March 8, 1988, among United Cable Television Corporation ("United Cable"), United Artists Communications, Inc. ("United Artists") and Tele-Communications, Inc. ("TCI"), are expected to become effective on approximately May 25, 1989 (the "Effective Time"). As soon as practicable after the Effective Time, holders of shares of United Cable Common

Stock will be entitled to receive the consideration described below.

The Merger Agreement provides that United Cable and United Artists will each be merged with separate wholly owned subsidiaries of United Artists Entertainment Company ("UAE"), a newly formed Delaware corporation. Consummation of the mergers is subject to approval by the stockholders of United Cable and United Artists, regulatory approvals and other customary conditions. In the proposed merger of United Cable with a subsidiary of UAE (the

"United Cable Merger"), each outstanding share of United Cable Common Stock (except those beneficially owned by TCI or United Artists or by persons who perfect their appraisal rights under Delaware law) will be converted, at the holder's election but subject to proration, into the right to receive either (a) \$38.50 in cash (the "Cash Consideration") or (b) a unit (a "Rights Unit" or the "Rights Unit Consideration") consisting of (i) one share of UAE Class A Common Stock and one share of UAE Class B Common Stock (collectively, the "UAE Common Stock") and (ii) two separately tradable rights. The UAE Class A Common Stock and the UAE Class B Common Stock are identical, except that the UAE Class B Common Stock is entitled to 10 votes per share and the UAE Class A Common Stock is entitled to one vote per share, and each share of UAE Class B Common Stock is convertible into one share of UAE Class A Common Stock at the option of the holder. Each right will entitle tha holder to require TCI to purchase from such holder one share of either class of UAE Common Stock in January 1992 or January 1995 (subject to acceleration in certain events) for 90% of UAE's then tair market value per share, which will be determined by independent appraisal on a going concern or liquidation basis, whichever is greater. The purchase pince is to be paid, at TCl's election, in cash, in shares of TCl Class A Common Stock having an equivalent value, or in a combination of the foregoing. Under certain circumstances, holders of the rights may require TCI to purchase, on a similar basis, securities of othe: entities distributed by UAE to holders of UAE Common Stock

Elections will be prorated so that no more than approximately 13,822,000 shares of United Cable Common Stock will be converted into Rights Units and no more than approximately 13,389,000 shares of United Cable Common Stock will be converted into the Cash Consideration. If elections for Rights Units are prorated, stockholders who elect to receive Rights Units may further elect to receive, for those shares that are not converted into Rights Units and in lieu of having such shares converted into Cash Consideration, subject to proration, a second unit (a "Preferred Slock Unit") consisting of (i) one share of UAE 12%% Cumulative Compounding Redeemable Preferred Stock, Series A and (ii) 1.1 shares of UAE Class A Common Stock.

Pursuant to the Merger Agreement and Section 1205 of the Indenture (the "Indenture") relating to United Cable's 534% Subordinated Debentures due July 9, 2001 (the "Debentures"), holders of Debentures converted after the Effective

(a) If the Rights Units Consideration is prorated, holders of Debentures converted after the Effective Time will receive \$38.50 in cash for each share of United Cable Common Stock they would have received upon conversion had the United Cable Merger not

(b) If the Cash Consideration Is prorated, holders of Debentures who convert after the Effective Time will receive a Rights Unit for each share of United Cable Common Stock they would have received upon conversion had the United Cable Merger not occurred.

(c) If neither the Rights Unit Consideration nor the Cash Consideration is prorated, holders of Debentures converted after tha Effective Time will receive the type of consideration into which a majority of shares of United Cable Common Stock for which no election is specified wera converted in the United Cable Merger.

United Cable will publish a notice, after the Effective Time, of the type of scribed above) to be paid to holders converting Deb after the Effective Time.

United Cable has mailed to its slockholders a Proxy Statement/Prospectus (the "Proxy Stalement") in connection with a special meeting of such stockholders to be held on May 25, 1989, where the stockholders will vote, among other things, on a proposal to adopt the Merger Agreement. The foregoing summary does not purport to be complete, and is qualified in its entirety by reference to the Proxy Statement, including the Merger Agreement, which is included as an appendix to the Proxy Statement. Proxy Statements may be obtained from United Cable Television Corporation, 2930 East Third Avenue, Denver, Colorado 80206, Attention: Gary S. Howard, telephone (303) 321-4242.

PLEASE NOTE THAT ONLY HOLDERS OF UNITED CABLE COMMON STOCK WILL BE ENTITLED TO ELECT AMONG THE TYPES OF CONSIDER-ATION DESCRIBED ABOVE IN CONNECTION WITH THE UNITED CABLE MERGER. PURSUANT TO THE INDENTURE AND THE MERGER AGREE-MENT, HOLDERS OF DEBENTURES CONVERTED AFTER THE EFFECTIVE TIME WILL NOT BE ENTITLED TO MAKE SUCH AN ELECTION AND WILL RECEIVE, UPON CONVERSION, THE TYPE OF CONSIDERATION DETER-MINED AS DESCRIBED ABOVE. ACCORDINGLY, IF YOU DESIRE TO ELECT AMONG THE TYPES OF CONSIDERATION DESCRIBED ABOVE, YOU MUST CONVERT YOUR DEBENTURES INTO COMMON STOCK AND FOLLOW THE ELECTION PROCEDURES SPECIFIED IN THE PROXY STATEMENT. NO SUCH ELECTION WILL BE EFFECTIVE UNLESS A PROPERLY COM-PLETED AND SIGNED FORM OF ELECTION AND LETTER OF TRANSMITTAL, AS WELL AS THE CERTIFICATES OF UNITED CABLE COMMON STOCK TO WHICH SUCH LETTER OF TRANSMITTAL RELATES (OR AN APPROPRIATE GUARANTY OF DELIVERY), ARE RECEIVED BY THE EXCHANGE AGENT FOR THE MERGER NO LATER THAN 5:00 P.M., CHICAGO TIME ON MAY 18, 1989.

SIMILARLY, ONLY HOLDERS OF UNITED CABLE COMMON STOCK WILL BE ENTITLED TO EXERCISE DISSENTERS' RIGHTS OF APPRAISAL WITH RESPECT TO THE UNITED CABLE MERGER, ACCORDINGLY, IF YOU WISH TO EXERCISE DISSENTERS' RIGHTS OF APPRAISAL WITH RESPECT TO THE UNITED CAPLE COMMON STOCK INTO WHICH YOUR DEBEN-TURES ARE CONVERTIBLE, YOU MUST CONVERT YOUR DEBENTURES AND CAREFULLY FOLLOW THE PROCEDURES SPECIFIED IN SECTION 262 OF THE DELAWARE GENERAL CORPORATION LAW, WHICH IS SUM-MARIZED IN, AND THE TEXT OF WHICH IS INCLUDED AS AN APPENDIX TO, THE PROXY STATEMENT. AMONG OTHER THINGS, SECTION 262 REQUIRES THAT A STOCKHOLDER DESIRING TO PERFECT DISSENT-ERS' RIGHTS OF APPRAISAL DELIVER TO UNITED CABLE, BEFORE THE SPECIAL MEETING, A WRITTEN DEMAND FOR APPRAISAL OF HIS

This notice is given pursuant to Section 1206 of the Indenture dated as of July 9, 1986, under which the Debentures were issued.

Daled: April 28, 1989

sema

U.S. \$100,000,000

Floating Rate Participation Certificates Due 1992 issued by Morgan Guaranty GmbH for the purpose of muking a loan to

Istituto per lo Sviluppo Economico dell'Italia Meridionale (a statutory body of the Republic of Italy incorporated under

Law No. 298 of April 11, 1953) In accordance with the terms and conditions of the

Cenificates, the rate of interest for the Interest Determination Period 28th April, 1989 to 31st May, 1989 has been fixed at 10%%. Interest accrued for the above period and payable on 31st July, 1989 will amount to US\$93.39 per US\$10,000 Certificate.

Agent Morgan Guaranty Trust Company of New York London Branch

Welis Fargo & Company

U.S. \$150,000,000

Floating Rate Subordinated Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 28th April, 1989 to 31st May, 1989

the Notes will carry an Interest Rate of 10.0375% per annum. Interest payable on the relevant interest payment date
31st May, 1989 will amount
to US\$92.01 per US\$10,000
Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

OVERSEAS NEWS

Bangladesh tornado kills at least 400

A STRONG tornado swept through central Bangladesh killing at least 400 people, injuring thousands and strew-ing areas with bodies and animal carcasses, according to officials and witnesses, Reuter reports from Bangladesh.

Hundreds of people were missing after the Wednesday night storm flattened houses and crops in a 160 sq km area north of Dhaka.

Villages were reduced to wreckage on both sides of a highway hetween Manikganj and Shaturia. In some places not a single hnilding remained, "It looks like a war-ravaged area," a local offi-cial said.

Twisted corrugated iron roofs bung from trees, loaded trucks were blown more than 500 metres, electricity pylons and trees lay twisted on the

In Shaturia village, human bodies and animal carcasses

bodies and animal carcasses lay side by side.
As soldiers, police and villagers searched for victims, anthorities appealed for more help to find the missing.
"More volunteers are needed to search 30 villages battered by nearly 160km per bour winds," and are official at winds," said an official at Manikgani, one of the worst-hit areas, 65km north of

sh-district near Manikganj alone, said area administra-tor Faruq Ahmed Khan. He said at least another 200

ganj Sadar and Dhamrai. He and other officials said the death toll could rise as high as 1,000 when the debris

treated in Manikganj Hospital alone, doctors said. Hundreds more were sent to Dhaka or

"It lasted just four or five minutes and left a trail of destruction," one villager said. Villagers said more than 30 people were crushed to death while squatting in a ware-

had lost their crops because of a drought. The tornado did hring rain, hnt weather officials said it was not enough to ease the drought that has gripped parts of Bangladesh sinca last

President Hossain Moham-

LDP moves to push through budget

By Stefan Wagstyl in Tokyo

JAPAN'S ruling Liheral Democratic Party yestarday ended 70 days of political dead-lock over the 1989-90 bndget caused by the Recruit affair and railroaded the bill through a crucial parliamentary com-

The move shows the party's determination to maintain its authority despite the strains of the scandal which led earlier this week to the decision hy Mr Noboru Takeshita, the Prime Minister, to resign soon.

Today, the party intends to
push the budget hill through a

push the budget hin through a full session of the Diet's lower house, paving the way for it to go through the upper house in the next two weeks and

ecome law.

However, the party's efforts to dispel the air of uncertainty

"More than 200 bodies have been recovered from Shaturia

people were killed in the sub-districts of Daulatpur, Manik-

had been cleared. More than 400 people, most with severed limbs, were being

house waiting for free rice being distributed to those who

hit areas on Thursday and handed out money and relief

supplies to the victims. The tornado was the latest in the series of calamities to hit this South Asian country, which has an annual per capita income of \$150.

Floods and cyclones described as the worst in 40 years in the region were reported to have killed at least 6,000 people in the second half of last year.

boycotted yesterday's session in protest that the ruling party had ignored their demands that Mr Yasnbiro Nakasone, the former prime minister, should first give evidence about his role in the Recruit scandal

In going it alone, the LDP has broken with a long-estab-lished tradition that legislation is passed by consensus, espe-cially budget bills. Budgets have been railroaded through tha committee stage only twice since the war.

the budget well on its way to becoming law before he leaves tomorrow for a tour of sonth-east Asia.

Mr Takeshita wanted to have

surrounding the Government holidays next week. were undermined by the announcement that a planned visit at the end of May by the South Korcan President Roh Tae Woo had been cancelled by

Moreover, party leaders are atill having difficulties per-suading Mr Masayoshi Ito, the preferred choice as Mr Takesh ita's successor, to step into the prime minister's shoes. Mr Ito told a press conference yesterday that he had turned down the offer because

he was sick. He is 75 and a diabetic.

Nevertheless, it is widely believed in Tokyo that Mr Ito will he prevailed upon to accept the post, probably after the end of a series of public

The main alternative to Mr ito is Mr Masaharu Gotoda, 74, a former political ally of Mr Kakuei Tanaka, the exprime minister who was involved in the Lockheed bribe scandal in the 1970s. He was once director general of the National Police Agency and chief cahinct sec-retary, but his main work in recent years has been as o king-maker in the party's inner

Meanwhlle, an advisory panet of academics set up by Mr Takeshita in January has produced a report urging politi-cal reforms, including require-ments for ministers to disclose personal and family assets and refrain from stock market deal-

In Tokyo, there is no alternative

Stefan Wagstyl explains the lack of credible opposition to the LDP

opposition parties has rarely been so completely exposed as in the Recruit scandal. In almost any other demo-

cratic country where support for the prime minister bad dropped to 3.9 per cent, opposition parties would expect to be on the verge of forming the next government. Their leaders

would be preparing seriously for a general election.

Japan's opposition is going through the motions. Opposition party leaders have indeed called for an immediate general election. eral election - but nobody, themselves included, helieves there is the remotest chance of one being held. Four opposition parties have formed a united front to fight the ruling Liberal Democratic Party over the Recruit affair, But it took them six months to do it.

For most of Japan's post-war history the ineffectiveness of the opposition has hardly mat-tered. The LDP was able to satisfy most Japanese most of the time for more than 30 years by presiding over the country's great economic advance. But it matters now because the Recruit affair has shown how a monopoly of power hy one

party leads to corruption.
Opinion polls show ordinary
Japanese want political reform. especially some breaks in the channels funneling money from wealthy interest groups into politics. However, the plti-

HE weakness of Japan's opposition parties has rarely been so comreform itself.

It was not always so. In the 1950s, many analysts thought politics might develop on Brit-ish lines, with the LDP on the right and the Japan Socialist Party on the left.

The JSP then commanded about one third of the vote.

Japan's L	ower Ho	use
	Before 1986 election	Now
LDP	257	309
Socialists	110	87
Komeito	59	57
Democratic		
Sociatists	37	28
Communists	27	27
Others	10	4
Total	500	512

But the party was perpetually torn by internal feuds over personalities and ideology, Its members argued passionately with one another about issues which were of less and less concern to the increasingly affluent average Japanese.

It has demanded an end to the Japan-US Security Treaty and the disbanding of the armed forces. It refuses to recognise South Korea, supporting instead the communist North. But on issues of central prices, import barriers, hous-

The LDP also has its internal arguments, in which the different factions are ranged against one another. But they are at least united in the pursuit of power. The JSP has been pushed further and further to the left, to the political wasteland occupied by the well-or-ganised and well-funded Japan Communist Party.
As power become an increas-

ingly remote possibility, the JSP splintered, losing members to the newly formed Demo-cratic Socialist Party, which tried to reclaim some of the lost middle ground. There, it fights for territory with Komeito, the "clean govern-ment" party formed in the 1960s with the backing of Soka Cokket a big Buddhist move Gakkai, a big Buddhist move-

In the same way as the LDP has become institutionalised as the party of government, the JSP has become institutionalised as the party of perpetual

opposition. There is an element of ritual in the often bombastic denunciations of the government by the JSP and other opposition parties. The ritual also dictates that passions are dissipated in public dehate; behind closed doors, the LDP often tries to accommodate opposition views on legislation. These efforts have built up a tradition that important legislation is passed

ing and education — its poli-cies have rarely been clearly spelt out.

The LDP also has its internal arguments, in which the differ-ent factions are ranged against one another. But they are at

However. Recruit could strain this attitude of live and let live to breaking point. It public anger with political leaders does not turn to bore dom over the summer, then the opposition parties, espe-cially the Socialists, will have a real political job on their hands for the first time in

many years.
The electorate so far does The electorate so far does not believe the JSP will be up to the task. Opinion polls and local clections since the beginning of the year have shown a big swing away from the LDP, with its popular support recently falling from its normal 50 per cent-plus to 14 per cent But the main beneficiary. cent. But the main beneficiary has been the Communist Party, which holds only 27 out of 512 seats in the lower house of the Dlet (Parliament), against the Socialists' 87, However, analysts say that the votes for the Communist Party are votes cast in anger; few

people want to see a commu-So for the moment dissatisfaction with the LDP has not turned itself into support for other parties. It may never do, given that the LDP has delivered peace and prosperity for

Rocket fire greets Kabul regime anniversary

anniversary of Afghanistan's Marxist revolution yesterday by firing volleys of rockets on Kabul, killing at least nine people, including three soldiers guarding a barracks,

Reuter reports from Kabul. Eight people were wounded by the rocket fire from nearby mountains, which showered all parts of the sprawling city of mud-brick bouses and open

sewers.
The rockets began landing on the city of 2.5m people

flercest rebel rocket attacks yet on either military or civiliau targets. There was no exact figure for the total number of casual-

ties but officials said many of the missiles hit unpopulated areas around the capital.

The three soldiers were killed and one wounded when a rocket narrowly missed the barracks near a parade ground reserved for national occa-

There was a splash of fresh

MOSLEM rebels greeted the before daybreak in some of the blood at the scene and shrap. Another rocket wounded pockmarked the walls of the building in central Kabul. The rocket landed near a stand from where President Najibullah on Wednesday watched the army salute the 1978 revolution, a day before its anniversary, in a parade that excluded the public and highlighted fears of a mujakideen attack on the capital.

The other dead were two members of one family and four workers at a government

four workers at a government

building.

ve civilians when i into a neighbourhood near the historic fort of Bala Hisar, which houses the president's special guard.

Just before dawn, government troops began firing the first of at least seven long-range Scud-B missiles at mujahldeen positions in a pro-

vincial area. Rebels have killed at least 24 people and injured 29 in the past week in an apparent bid to disrupt the celebrations.

Philippine rebels begin to take aim at US targets

HE killing of a US colonel last week by communist guerrillas in Manila signals a significant shift in the Philippines' bomespun guerrilla war, which has clawed at the stability of the government and undermined international confidence for

two decades.
As Washington and Manila approach talks later this year on the future of big US military bases in the Philippines after 1991, the Communist Party has showed it is willing and able to attack Americans and American installations wbether or not they are involved in counter-insurgency, simply because they symbolise Washington's sup-port for President Corazon

Colonel Nick Rowe, who died immediately in what the army says was a well executed ambush, was a decorated Viet-nam veteran in charge of weapons procurement for the Philippine army at the Joint US Military Assistance Group. Perhaps this made him, in the words of Jose Maria Sison,

the self-exiled founder of the outlawed Communist Party, "guilty of aggression" against the New People's Army rebels. US servicemen stationed at Clark Air Base, 40 miles north of Manila, on the other hand, are generally believed not to play even an indirect anti-in-

On April 6, however, patrol-ling soldiers interrupted insurgents as they laid a big land mine on the road to a firing range used by US servicemen from Clark base. Three days later, the NPA rebels claimed responsibility

for breaking into a US naval relay station in Benguet prov-

surgency role.

ince and blowing up a commu-nications antenna and pylons. The Communist Party has heen threatening to target Americans and US installations since last year if they continued to support the

Insurgents are stepping up their pressure against American bases, writes

Richard Gourlay Aquino government's counter-insurgency efforts. Mr Satur Ocampo repeated the threat early this year after offering to talk peace with Mrs Aquino if she refused to extend the lease on the bases after it runs out

Mrs Aquino announced on Tuesday that talks with Washington on the future of the bases would hegin this year but she still refuses to come off the fence and announce pub-licly whether sha backs a continued US present

Ironically, rebel attacks on Americans and US facilities may play into the hands of those Philippine officials who want the bases to stay after 1991, as asking Washington to leave could be argued as giving in to the communists, some

observers say.

More killings could also puncture the confidence of investors now tentatively returning to the Philippines, apply a severe brake to the economic recovery, and jeopardise the private sector elements of a planned \$10bn aid plan, backed hy Japan and the US, designed to form the foundation of lasting growth.

Neil Kinnock believes she's divided and indebted the people.

Lord King calls her the most radical and effective Prime Minister this century.

She chills the heart of Anthony Burgess. Many more have their say in The Economist this week.

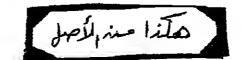
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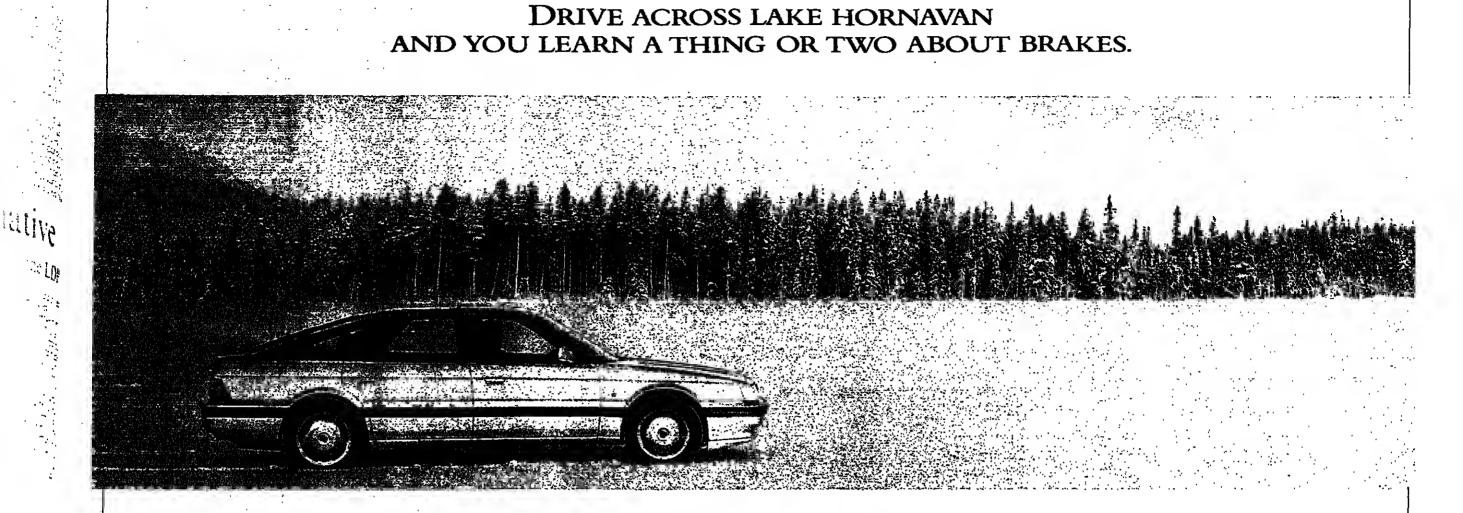
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The Austrian Tyrol maybe for yet more brake tests. The California desert for hot weather trials. Or even to glamorous

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The Rover Vitesse Fastback. We've put it to the test.

Now it's your turn.

11

reindeer and Rover test drivers.



OVERSEAS NEWS

Field marshal sworn in as Jordanian PM

By Lamis Andoni in Ammar

yesterday swore in a distant cousin, Field Marshal Sherif Zeid hin Shaker, as the prime minister of a caretaker cabinet entrusted with re-assessing economic policy and supervis-

ing parliamentary elections.
In a letter confirming the appointment, the king said the new prime minister should concentrate on maintaining stability and social discipline, indicating that the new gov-eromeot will take a tough line in the wake of riots which brought down its predecessor, the king said it should put an end to "politicisation of reliand indicated disapproval of political activity by professional associations.

Mr Zeid Rifai, the former prime minister, resigned after widespread protests against price rises imposed by the government in line with an International Monetary Fund agree-ment. Field Marshal bin

KING Hussein of Jordan of the armed forces, was appointed chief of the Royal Court in January as part of a limited government reshuffle.

A childhood friend of the king, the field marshal remained close to him during the crises that threateoed the Hashemite throne, especially in the turbulent years of the 1950s and during the 1970 civil war, when the king bowed to Palestician pressures and removed his cousin from his

removed his cousin from his military post for a short period. Among other appointments yesterday, King Hussein brought Mr Taher al-Masri, a former foreign minister, back as minister of state for economic affairs. Mr al-Masri is a Palestinian who opposed Mr Rifai's confrontational policies towards the Palestine Libera-

tion Organisation.

Addressing the nation for the first time since the riots, the king urged Jordanians to face the fact that the era of

tions met in Tunis this week

and decided to reject the idea

of elections as a basis for a

decision was aimed at refocus-

ing world attention on what

substantial issues: convening a

UN-sponsored international

peace conference and securing

an Israeli withdrawal from the

leaders are cootinuing to press

for the adoption of a more con-

At the same time, some PLO

the organisation sees as the

Senior PLO officials said the

peaceful settlement.

occupied territories.

Palestinians underline unity on poll proposal

By Hugh Carnegy in Jerusalem and Lamis Andoni in Amman

PALESTINIAN leaders in the erated their identification with West Bank and Gaza Strip the PLO, with which Mr have sent a clear signal to the Shamir refuses to negotiate. Meanwhile, the PLO itself Israeli government of their determination to maintain a appears to have outwardly united positioo, both among themselves and with the Paleshardened its line on elections Leaders of the various PLO factine Liberation Organisation. on proposals for elections in the occupied territories,

In response to plans for electioos announced by Mr Yitzhak Shamir, the Israeli Prime Minister, more than 80 leading Palestinians from the territories, ranging from senior political figures such as Mr Faisal al-Husseini to academics, signed a statement rejecting the proposals. The signatories reflected a wide spectrum of Palestinian political opinioo in

the occupied territories.
Their statement said Pales-Their statement said Pales ciliatory position towards Mr tinians within the territories Shamir's proposals, which would not be divided, and reit-

Egypt seeks to bring investment funds back

By Tony Walker in Cairo

THE head of Egypt's biggest and most controversial investment fund has authorised the government to withdraw the company's deposits from for-eign banks, according to the latest edition of the semi-offi-cial al-Mussawar magazine.

No figure was given by the magazine for the amount of money lodged ahroad hy the El Rayan company, whose principal, Ahmed Tewfik Abdel Fattah, is being held in custody, but sums of np to \$500m have been mentioned in Cairo's official wass cial press.

Representatives of some Western governments con-firmed yesterday that Egypt had sought their assistance in repatriating El Rayan's funds from foreign banks. Among countries believed to have been approached are Switzer-land. West Germany, Britain

and the US.

Thousands of depositors in El Rayan, the most aggressive of the deposit takers which mushroomed into a huge industry that challenged the government's regulatory capa-hilities, face the loss of their life savings unless funds held abroad are traced. The Egyptian government

began last year seeking the return of "missing millions" held abroad by investment

held abroad by investment houses which were obliged in mid-1988 to suspend their operations, pending the introduction of a new law.

The activities of these finance companies have been virtually frozen since last year, while the anthorities investigated their affairs.

According to some esti-

According to some estimates, 104 companies attracted deposits of np to \$4bn, but no reliable figures have been published. The government last year asked depositors to supply details of funds lodged in these companies to assist in its investigations.

Depositors ponred money into the investment sector, attracted by returns of up to 24 per cent annually on Egyptian pound and foreign currency deposits, compared with mnch lower rates offered by the banks. The government was unprepared for the rapid

Economic and racial time bomb explodes Ray Medlock in Dakar on the history behind the riots in Senegal and Mauritania

HE ORGY of violence which exploded in Senegal and Mauritania this week was a time bomb kept ticking by economic strains and racial distrust. The dead are still heing counted – at least 100 in Mauritania, according to hospitals, and several unconfirmed deaths in Senegal.
But there are other serious conse-

quences of the lynching and the looting which followed a border incident over grazing rights. Economic circuits have been broken; Senegal's reputation as a peaceful haven for foreigners has taken a severe knock; and community relations hetween mainly light-skinned Moors and mainly hlack African Senegalese are at an all-time low as thousands of people return to their respective countries as dispersessed with the contraction of the tive countries as dispossessed refugees. Before this week's outhreak of vio-lence, hetween 200,000 and 300,000

Mauritanians, or Naars as they are called by the Senegalese, lived and worked in Senegal, about a third of them in Dakar. They controlled 80 per cent of the petty commerce sector. Neighbourhood Naars shops used to open at all hours to sell tiny quantities

of consumer goods to poor urban Sene-galese: one potato, half a kilo of rice, a spoonful of sugar. This service was rendered on credit, a necessity for Senega-lese trying to make ends meet. Almost all of the shops are now locked shot or looted, creating shortages of goods in the cities.

galese fishermen settled along the rich Atlantic coast for generations are also an integral part of that economy. Sene-galese work on farms and keep cattle and goats on both sides of the River

in Mauritania, communities of Sene

Senegal, which forms the border.
There has also been economic co-operation at the state level. The massive hydroelectric and irrigation projects on



President Abdou Diouf: played his last card by calling out troops

the river, at Diama and Manantali, are among the biggest and most expensive co-operation projects in the region.

As the Senegalese government daily

put it, the two countries are "con-demned to live together". The cohabitation has not always been peaceful and there have been sporadic border incidents in the past. But this

week's widespread violence – towns and villages throughout both countries were affected – was the worst yet. It started on April 9 with the death of two Senegalese in the border village of Diawara in eastern Senegal. According to the Senegalese version, Mauritanian horder guards opened fire on Senega-lese peasants after an argument over grazing rights. Mauritania challenges this version, but the facts soon became obscured as tempers rose. Another incident quickly followed in the border town of Matam, this time leaving one Senegalese and one Mauritanian dead.

The fuse of the time bomb was thus exposed. Who, or what, finally lit it is unclear. There are a number of factors. Senegalese were angered for example by the Mauritanian Minister of the interior, who on a visit to Dakar said the deaths of the two Senegalese at Dia-wara "should not be accorded more importance than necessary".

The Senegalese opposition newspapers may also take some of the blame for the escalation of events. Anything that is bad for the government is grist to their mill, and they carried a number of inflammatory statements. At a press conference on Monday which illustrated the depth of suspicion between the two communities, the Mauritanian ambassa-dor – who is white – and Senegalese journalists - all dark - hecame involved in a shouting match with accusations of racism flying in both

If racial tension was a big factor, it was not the only one. The serious eco-nomic crisis in both countries makes fertile ground for social unrest. In Senegal in particular, IMF-inspired struc-tural adjustment programmes have led to severe cuts in government expendi-

It is generally agreed that something had to be done about the internal and external deficits, but the cuts show the government cannot huy off political unrest. The number of people in both countries who have regular paid employment is very small and falling, as government jobs are trimmed. With a young and growing population, this leads to vast numbers of marginalised. unemployed youth who are ripe for exploitation, by government opponents or groups of more or less organised

This week's violence was more crimi-nal than political. But in Senegal in

particular, the fragile political situation was a factor in its escalation. The Senc-galese opposition leader continues to claim that he was cheated at last year's elections by government vote-rigging. Over the past 15 months, opposition ral-lies and demonstrations, some banned by the government, others a clear provocation by the opposition, have brought gendarmes and police on to the streets

on numerous occasions.

The sights and sounds of violent protest have thus become banal: teargas grenades no longer frighten even little children, and dozens of arrests reported in the press no longer come as a shock to the Senegalese. To ensure security this week. President Abdou Diouf played his last card by putting troops on to the streets. It worked because people still fear the army, but for bow long?

In Mauritania, racial tension is a daily reality. The outbreak of violence there this week is not only against Senegalese but against low-caste Mauritanian blacks, and between white and black Moors. Slavery was abolished in Mauritania

only in 1980 and still exists in practice in various areas

The Mauritanian government is dominated by the economically more powerful light-skinned people. There is a shadowy anti-government Black Liberation Army which occasionally distributes tracts from Dakar, to the anger of the Mauritanian government, even though the "army" may exist only in the imagination of the tract writers. Although few of the participants in this week's mass vandalism and xeno-phobia would articulate their motives as political, their actions have succeeded in adding to the dimate of political fragility in both Novakchott and Dakar.

Lebanese group members sought over Paris bombs

A MAGISTRATE in Paris yesterday issued international arrest warrants for seven members of the Iranian-backed Hiz-bollah group in Lehanon for bombings in the French capital over two years ago, Renter

reports from Paris.
This means that French intelligence services believe they have identified and tracked down the key suspects after an intensive bunt. The wave of explosions in Paris killed 12 people and injured at least 250 in 1986.

The seven suspects are believed to be in Lebanon and the arrest warrants have little growth of these institutions. | chance of being served there.

The magistrate's investigation of the bombings, and police leaks that Iran was suspected of involvement, led to the breaking of ties between Paris and Tehran in July 1987. During the dispute, French

embassy to try to force an offi-cial suspected of links with the bombings to leave the building and submit to questioning. Iran took similar action against France's embassy in Tehran and the impasse was not broken until the last French hostages in Lebanon were freed. Diplomatic rela-

tions were restored in June

police surrounded Iran's Paris

Swapo guerrillas 'withdrawing'

By Anthony Robinson in Cape Town

A SENIOR UN official yesterday said about 4,000 Swapo guerrillas had moved north of the Angolan 16th parallel in the Angolan 16th pa allel, in the first indication that attempts to get the Nami-

bian independence process back on track were succeeding. Most appear to be insurgents who had remained in southern Angola and were not among the estimated 1,800 armed men who crossed the border into Namibia after the start of the independence process on April 1. Under international agreements, all Swapo forces were supposed to be over 100 miles from the border, heyond the 16th parallel, by that date.

Mr Marrack Goulding, a UN trouble-shooter, gave the figures in Windhoek as Angolan, Cuban and South African offi-cials met Soviet and US observers in Cape Town to discuss implementation of the agree-ments, providing for Cuban withdrawal from Angola and independence for Namihia.

Security forces in northern Namibia were confined to berracks for 60 bours to allow the 1,000 Swapo guerrillas believed to be still in Namibia to return to Angola without harassment. Military sources in Namibia said yesterday that the bodies of 13 more Swapo insurgents had been found by security

forces, during patrols before their confinement to base. Three members of the African National Congress were awarded mandatory death sentences by the circuit court in the small Transvaal country town of Delmas yesterday, after being found guilty of killing four people since-1978, Jim Jones reports from Johannes-

A fourth was sentenced to 25 years imprisonment for attempted murder.

The men refused to defend themselves throughout their trial, saying they were prisoners of war and should not be



The art

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FINANCIAL TIMES FRIDAY APRIL 28 1989

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WAKE UP TO THE NEW AGE OF



Angle American Coal Corporation Limited

(Incorporated in the Republic of South Africa) Company registration number 01/01469/06

Results for the year ended March 31 1989, and declaration of final dividend

	1989 R000	1988 R000
Turnover	1 445 716	1 144 141
Operating profit before amortisation and depreciation Deduct:	361 442	227 821
Amortisation and depreciation	50 236	43 838
Operating profit	311 206	183 983
Interest and investment Income (net)	53 005	42 386
Surplus on realisation ol investments		3 488
Profit before taxation Deduct:	364 211	229 857
Taxation	193 675	118 244
- Normal	149 817	36 950
- Deferred tax benefits	43 858	81 294
Profit after taxation	170 536	111 613
Deduct: Earnings attributable to outside shareholders in aubsidiary companies	4 924	6 672
Earnings attributable to shareholders of Amcoal	165 612	104 941
Dividends declared:	74 943	58 834
No. 131 of 95 cents per share declared October 31 1988	23 654	19 552
No. 132 of 205 cents per share declared April 27 1989	51 289	39 282
Number of shares in issue at March 31 1989	24 899 223	24 439 890
Estimated number of shares qualifying for final dividend	25 019 223	24 551 185
Earnings per share (cents)	665.1	429.4
Dividends per share (cents)	300.0	240.0
Interim	95.0	80.0
Pinal	205.0	160.0
Dividend cover	2.2	1.8

The annual report for the year ended March 31 1989 will be posted to members on or about May 11 1989

Extracts from the review by the Chairman, Mr W G Boustred

Amcoal's attributable earnings of R165.6 million for the year ended March 31 1989 were 58 per cent higher than those earned in the previous year, Increased dividends totalling 300 cents per share (1988: 240 cents) have been declared for the year and dividend cover has increased from 1.8 to 2.2 times.

This recovery in the earnings of the Group was brought about by higher export coal tonnages, improved US dollar prices, a weaker rand/US dollar exchange rate and increased income earned on coal sales to Eskom. Unit working costs were again contained below the inflation rate and the Group's cash resources continued to make an important contribution to earnings, particularly with the higher interest rates applicable in the latter half of the year.

Future prospects

Rate of non-resident

shareholders' tax

The improved trading conditions in the export market combined with the expectation of a weak rand/US dollar exchange rate are forecast to result in increased export earnings. In the domestic market, the rising level of Amcoal's investment in New Denmark and New Vaal collieries will ensure income growth from its Eskom business, notwithstanding a reduction in the total annual tonnage supplied to Eskom. With the improved results also expected from the Verref Division, Amoual is forecasting an increase in earnings for the year ahead though at a more modest rate than that achieved during

the year under review.

In the longer term, steady income growth is forecast from the Group's investment programme in New Denmark and New Vaal collieries, with the next major increase planned for early in the next century when commissioning of the Lekwe power station is due to

Amcoal will continue to be a major participant in the export opportunities available to South African coal producers. Barring unforeseen political developments, longer term planning includes additional and replacement export coal mining capacity. South Africa's longer term competitive position in world markets nevertheless remains a cause for concern. While further weakening of the rand exchange rate will serve partly to compensate for increased cost brought about by high levels of inflation which continue to defy major efforts to contain them, the longer term result will inevitably be the further erosion of the industry's competitive

The production of liquid fuels from coal could represent a major investment opportunity to the Group, extending over a number of years, probably from the mid 1990s. The Group is committed to the development of the Verref Division and its strong financial and manpower assets leave it well positioned to participate in wider investment alternatives, particularly in the resources field.

Dividend

On Thursday, April 27 1989, the directors of the company declared final dividend No. 132, as follows: Amount (South African currency) 205 cents per share Last day to register for dividend tand for changes of address or Friday, June 2 dividend instructions) Registers closed from Saturday, June 3 to (inclusive) Saturday, June 17 Ex-dividend on Johannesburg and London Stock Exchanges Monday, June 5 Currency conversion date for sterling payments to shareholders paid from London Monday, June 5 Thursday, June 22 Dividend warrants posted Payment date of dividend Friday, June 23

15 per cent

The full conditions relating to the dividend may be Inspected at the Johannesburg and London offices of the company and its transfer secretaries.

By order ol the board Anglo American Corporation of South Africa Limited Secretaries per A. H. J. Millenaar Senior Divisional Secretary

Transfer Secretories
Consolidated Share Registrars Limited Edura. 40 Commissioner Street Johannesburg 2001 (P. O. Box 61051, Marahalltown 2107)

Hill Samuel Registrars Limited 6 Greencoat Place London SWIP IPL

Registered Office 44 Main Street Johannesburg 2001

London Office 40 Holborn Viaduct London EC1P 1AJ

Johannesburg April 27 1989

aaa



Notice to the Holders of BEARER WARRANTS to subscribe for shares of common stock of THE SUMITOMO MARINE AND FIRE INSURANCE COMPANY, LIMITED

issued in conjunction with U.S.\$100,000,000 4% per cent. Bonds due 1993

Notice is hereby given that as a result of the issuance by The Sumitomo Marine and Fire Insurance Company, Limited of its 30 million new shares of common stock by way of a public offenng in Japan on 26th April, 1989 (Japan time) at an offering price of ¥1,245 per share, the Subscription Price for the above-captioned Warrants was adjusted from ¥1,181.90 to ¥1,172,90 per share of common stock effective as from 26th At ril, 1989 (Japan tima).

> THE SUMITOMO MARINE AND FIRE INSURANCE COMPANY, LIMITED Chuo-ku, Tokyo, Japan

28th April, 1989

NOTICE TO BONDHOLDERS OF



Sekisui House, Limited US\$50,000,000 3 per cent Convertible Bonds due 1999 (the Bonds)

Pursuant to Clause 7(B)(iv) of the Trust Deed relating to the Bonds, Notice is hereby given as follows: On March 22 and April 3, 1989, the Board of Directors of the

Company resolved to issue new shares of its common stock by public offering.

As a result and pursuant to Condition 5(C)(iv) of the Terms and Conditions of the Bonds Conversion price was adjusted from ¥603.70 to ¥598.20 per share of common stock of the Company ffective as from April 20, 1989 (Japan time).

28th April, 1989

Sekisui House, Limited

AMERICAN NEWS

Ottawa kills scheme to buy N-submarines

By Andrew Marshall

CANADA'S plan to buy a fleet of nuclear submarines for an estimated C88bn (£3.95bn) sank without trace yesterday. The controversial project was first officially revealed in an ambitious 1987 defence

White Paper, the first in 16 years, which envisaged giving a fillip to Canada's armed forces. Bnt, as the govern-ment's attempts to bring its budget deficit under control have foundered, economic realities have intruded. Funding for the submarines

had never been fully inte-grated to the defence budget, being contingent on a cabinet decision each year. So the proj-

ect was hanging by a fiscal string - now cut. Opponents of the project, at home and abroad, had been gunning for it since the day it was announced, because of the expenditure involved and because of the question of

nuclear proliferation. The reasoning behind Can-ada'a decision to join the exclusive clnb of countries with nuclear submarines were always opaque. The govern-ment maintained that they would offer tha country a much-needed operating capac-ity in three oceans - Pacific, Atlantic and Arctic. Some boost for Canada's

lcomed abroad.

But many of those who opposed the deal, including US officials, argued that the only objective was to assert Canada's claim to sovereignty over the North-westsrn Passage – a claim disputed by the US.

Canadian feathers were greetly ruffled by an incident in 1985, when the US sent the icebreaker Polar Sea through thepassage without having sought Canadian permission. Nuclear submarines would have provided a more effective way to patrol the area. The deal's demise is a big

flagging defence budget was hiow for Direction des Constructions Navales, the French shipbuilder, and Britain's VSEL Consortium, the two main groups which had com-peted to sell a design to Canada, Various Canadian companies also stood to make money

by the construction contracts.

The question which the cancellation leaves unresolved is that over Canadian defence policy. The submarines were to be tha keyatone of the White Paper's emphasis on a broader North American role for Canada's forces. It remains to be seen whether the logic of the paper can be sustained without them.

Canadian budget greeted with relief

David Owen on reaction to financial measures less harsh than feared

ANADIAN Financa Minister Michael Wilson's fifth budget has to some extent fallen victim to raised expectations.

Canadians were led to expect an exceptionally tough budget package by a carefully co-ordi-nated series of pronouncements by Mr Wilson and other government officials in recent weeks. In the light of these warnings, the actual proposals

- weighted as they are heavily
towards tax increases rather than expenditure cuts - are milder than some had antici-

Markets were quick to register their displeasure. Having closed on Wednesday night in Toronto at 84.1 US cents, the Canadian dollar slumped to 83.54 cents by lunchtime in Tokyo. How much of this reaction was dne to the hudget itself and how much to the question mark which may hang over the hitherto steadyhanded finance minister's future after the leaking of the

budget, was hard to quantify. Canadian markets responded with more equanimity, as did local economists. "I am a little disappointed by the magnitude of the deficit cuts, but when you put everything together, it is not a bad object," said Mr Carl Beigie of McLean McCarthy, the Toronto-based securities firm. "I think Mr Wilson is ties firm. "I think Mr Wilson is right to assume that interest rates today are at cyclically high levels," he added.

In its economic forecasts, the government projected that short-term interest rates, which currently stand at about 12.4 per cent for 90-day Trea-sury Bills, would average 12 per cent over the year as a whole. In last year's budget it had estimated the average rate

CANADA'S BUDGET (C\$bn) 1900-91‡ 1988-891 Budgetary expenditures: Programme expenditure Debt charges Total Expenditures 104.1 28.9 Percentage of GDP (%) Non-budgetary transe Financial requirement 3.7 321.1 Percentage of GDP Net Public debt Percentage of GDP (%)

forecast to slow to 3 per cent in 1989 and 1.7 per cent in 1990. Inflation and unemployment rates in 1989 are expected to reach 4.8 per cent and 8.2 per cent respectively.

Despite the stringency of Mr

Wilson's proposed measures, which will trigger C\$3.7bn in tax increases and C\$1.5bn in spending cuts, the worrisome federal budget deficit is set to rise back above the psychologi-cally important C\$30bn level in

High interest rates have raised the cost of servicing the government's accumulated C\$321bn debt beyond expectations. This, essentially, will more than offset the C\$5.2bn of expenditure savings and increased revenues which the package is expected to generate. The deficit is forecast to fall back to C\$28bn in 1990-91.

In terms of specific measures, Mr Wilson's experience and increasing political know-how are evident both in the way in which the pain has been expended as broadly as nosbeen spread as broadly as pos-sible and in the structuring of

certain sensitive proposals.
In advocating that high income individuals should partially repay, through the tax system, old age security and r 1989 at just 7.8 per cent. system, old age security and levy, and to permit the imple-Beal economic growth was family allowance benefits, for mentation of several additional

example, Mr Wilson is taking a step towards targeting benefits to those most in need without undermining the cherished Canadian principle of univer-

Source: Caradise government

One area where the budget is bolder than anticipated is unemployment insurance, where the government pro-poses to withdraw entirely from its current funding role commencing January 1 1990. The programme will thenceforth be financed entirely by employer and employee premi-

> The move, which follows proposals earlier this month to reallocate more money for retraining and to tighten rules governing qualifications for benefits, is expected to yield C\$425m in savings in 1989-90, rising to a hefty C\$1.9bn in 1990-91. In 1989, the govern-ment estimates that it will fund about C\$2.9bn of the programme's overall C\$12.6bn

The proposed 9 per cent multhe proposed 9 per cent mut-tistage sales tax rate is also towards the upper parameters of the range anticipated. The new tax will raise enough reve-nues to replace the antiquated existing manufacturers' sales. levy, and to permit the imple-

tax cuts and credits, targeted at middle and low income households. It will form the

households. It will form the second phase of the government's tax reform.

Defence spending - currently around C\$11bn per annum will continue to rise for the foreseeable future, but at a slower rate. Despite the decision not to proceed with the acquisition of proclass proceeds. of nuclear-propelled subma-rines the government insists that the basis objectives of its 1937 White Paper remain

The budget had surprisingly little of substance to impart on the subject of agriculture, where government expenditure 1984-85 to C\$5.8bn in 1987-88.

Budget papers merely noted that the type of ad hoc special measures which have contrib-uted largely to increased expenditures are not "satisfactory as a policy framework over an extended period." The government pledged in tha 1990s to foster an increasingly self-reliant agricultural sector in a "stable and predictable policy environment." All cur-rent policies and programmes are to be reassessed over coming months.

Other expenditure cuts will include a progressive paring down of subsidies for the country's passenger rail service and a reduction in the annual appropriation earmarked for the Canadian Broadcasting

The proposed construction of a new prison in Newfoundland will also be delayed. Earlier this month the province elected a majority Liberal gov-ernment, relegating the Con-servative to the status of offi-cial opposition for the first

Pinochet reshuffle quashed

the country's legislature. There was no immediate statement on what was discussed.

Government sources, whose

Government sources, whose information was echoed by local press reports, said on Wednesday that Mr Caceres would be replaced, along with Mr Hernan Felipe Errazuriz, the influential Foreign Minister, Mr Pahio Baraona, Economy Minister and Mr Juan Antonio Gusman Education

Antonio Guzman, Education

the military's future political

CHILE'S military government yesterday moved to quash reports of a cabinet crisis, saying only minor changes would be made. Earlier President Augusto Pinochet had called for the resignation of his min-isterial team, Renter reports

There had been reports that Mr Carlos Caceres, the interior Minister, who heads the cabinet, had sparked a crisis after Gen Pinochet had rejected pro-

Gen Pinochet had rejected proposals for reforming the military's controversial political
constitution.

But the government
announced yesterday that Mr
Caceres had been confirmed in
his post and that there would
be only two minor changes in
the 18-man ministerial team the 18-man ministerial team.
"President Augusto Pinochet

accepted only the resignations of the ministers of education and mining," the government's information service.
The announcement followed

a meeting on Thursday morn-ing between Gen Pinochet and his fellow armed forces' chiefs who sit on the military junta,

Carter to

Panama poll

MR Jimmy Carter, the former

US President, is to head a team of international observers to

monitor the presidential elec-

The elections are turning into a test of strength for Gen-

eral Manuel Norlega, the country's military ruler who faces opposition and Bush adminis-

tration charges of ballot-rig-

ging and fraud to ensure the

victory of his candidate.

President Carter's visit is symbolically important because he and the former

Panamanian military leader General Omar Torrijos signed the 1977 Panama Canal Trea-

ties which yield US sover-

eignty over the canal to Pan-ama by the end of the century. Widely respected in Panama and Latin America, Mr Carter's

jodgment on the fairness of the

elsction will be eagarly

tions in Parlama on May 7.

By Lionel Barber

in Washington

monitor

The reports said Mr Caceres had proposed making concessions to opposition and conservative parties which are demanding sweeping changes to the constitution to reduce the military feature political.

Minister.

The pressure for political reform emerged following Gen Pinochet's defeat in last year's presidential plebiscite which forced him to call elections for next December.

The opposition says the constitution, which comes into full force next March when Gen Pinochet hands over the presidency, leaves too much power in military hands and is

undemocratic.
Announcing the cabinet reshuffle on Wednesday night, a government spokesman said Gen Pinochet had demanded the resignations "so as to have a free hand to evaluate the political situation." in the face of mounting calls

for changes, Gen Pinochet had authorised Mr Caceres to hold talks with opposition and conservatives parties with a view towards reaching a consensus. Any changes agreed would be put to a plebiscite to be called before the end of June.

Government sources said Mr Caceres proposals had gone too far towards meeting tha demands of the political parties which would have stripped the military of much of its influ-

Gen Pinochet, who toppled the leftist government of Mr Salvador Allende in 1973, sees the constitution as a guarantee against a return to the political and economic chaos which marked the last days of the Allende government.

Bipartisan efforts to cut US budget under threat.

By Peter Riddell, US Editor In Washington

BIPARTISAN attempts to hold down US federal spending are being threatened by major divisions on spending priorities between Congressional Demo-crats and Republicans.

The problems in implementing the recent outline agree-ment on the fiscal 1990 Budget were underlined on Wednesday when a proposal by the Demo-cratic Congressional leadership to contain supplementary spending for the current 1989 fiscal year within previously

agreed totals was rejected by the House of Representatives. The defeat was on a plan to finance \$4.7bn in amergency programmes and discretionary inding on the homeless and fighting drugs hy an across-the-board £1.5bn off defence within the next five months aroused the anger of Republicans and conservative Democrats, while some liberal Democrats objected to cuts in

social provision. Congressman Bill Gray, a The Bush administration is drawing up plans aimed at removing General Norie-ga – if, as widely expected, the results are fraudulent. senior Democrat and former chairman of the House Budget Committee, said the vote

showed that the Reagan-era stalemate over priorities was continuing. The Republicans, he said, were still not prepared to compromise on defence while the Democrats were still clinging to "parochial" con-cerns about "my favourite proj-

ect, my programme."

The 1989 proposals are now being redrafted, but the same pressures may recur over the next few weeks in the detailed consideration of the 1990 Budget which was yesterday in process of ratification by the House Budget committee, after similar action in the Senate

last week. Some liberal Democrats have warned that they will ally with Republicans, against their own leadership, to oppose the Midgetman truck-based missile system, for which the administration is proposing limited development funding. They argus that it would be missile system, to develop two systems. taken to develop two systems and better to concentrate on one, even if it is the 10-war-head rail-based MX which they have previously opposed.

Argentina plans new economic measures

By Gary Mead in Buenos Aires

MR Juan Carlos Pugliese, Argentina's Minister of Econ-omy, says he plans to introduce new measures to tackle the current crisis of confi-

Following a late-night emergency meeting on Wednesday between Mr Pugliese, President Raul Alfonsin and representa-tives of government and busi-ness, Mr Pugliese said new measures would be taken to try to stabilise the economy "as soon as possible, probably before the elections" scheduled for May 14. "There still is no plan, but we are working on some measures," he said.

No one at the meeting speci-

No one at the meeting speci-fied what new action is under consideration, but Argentina is facing a group of economic problems which threaten to coincide and erupt before the presidential election of May 14.

In recent weeks a collapse of confidence in the austral has led to fierce demand for foreign currency, though there was a slight improvement yesterday, as the currency recovered from its lows this week of more than 100 australs for \$1 to 70 austrais.

Mr Pugliese is under pressure to drop the so-called "reference dollar", introduced by the government ten days ago and fixed at 36 australs. Far below the free-floating rate, the "reference dollar" is used as a form of taxation on exporters, who receive 36 australs for every US dollar carned. Many have refused to conduct business rather than receive sub-

stantially less earnings.

Mr Pugliese is also facing a worsening treasury deficit crisis. According to independent estimates, in April the government will be able to cover only 40 per cent of its normal expenditure. The fiscal deficit for 1989 is now believed to be running at \$8.7bn, more than 12 per cent of the formal economy's gross domestic product.
Failure to control the fiscal deficit has left Argentina withont an agreement with the International Monetary Fund and at the beginning of March led to the suspension of a World Bank loan of \$350m.



WORLD TRADE NEWS

EC opposes talks | OECD long with US on 'unfair practices'

THE EUROPEAN Community
"is not prepared to collaborate
with the US in the implementation of its trade legislation" by
negotiating bilatarally on
so-called unfair trade practices, Mr Frana Andriessen, EC External Affaira Commiasioner, said in London yester-

Trade issues such as those raised by the US trade bill sbonld he negotiated in the multilateral framework of the General Agreement on Tariffs and Trade, be said in an inter-

Under the terms of last year's trade bill, the US has already singled out the EC for what it alleges are unfair trade



Andriessen: No collaboration

West State

practices in the telecommunications sector. Mr Andriessen said he did not yet know whether this meant the Com-munity would be targetted for action when Washington draws up a formal list of unfair trading countries at the end of next

However, he said the principle was wrong that bilateral negotiation should begin when one country was reserving the right to impose trade sanctions in the event of an unsatisfac-tory outcome. The EC was pre-pared to explain its policies but

moment we are undertaking deregulation in telecommunications, it's wrong to single out telecommunications as a prior-

He acknowledged that the Bush administration was under strong pressure from Congress which is considering the legislation. The special getting of countries under the new trade bill could damage the environment in which the

term credits rise 45%

By Peter Montagnon, World Trade Editor

LONG-TERM export credits granted by members of the Organisation for Economic Co-operation and Development rose by 45 per cent last year to a preliminary SDR9.2bn (\$12bn), the first increase recorded since the debt crisis

recorded since the debt crisis broke in 1982.

According to figures released this week by the OECD, last year's total was still only half the peak SDR18.2bn level of credit extended by its members in 1982. The OECD said, bowever, that it was too early to tell whether last year's rise constituted a new trend.

Almoat balf of the credits extended last year went to

extended last year went to countries classified as relatively poor. Of the total, 28 per cent received only guarantees or insurance, 17 per cent bene-fited from interest rate subsi-dies, and 54 per cent were direct credits.

Montserrat option THE government on the Caribbean island of Montserrat has granted an option to build a \$300m boliday village and yachting marina to Davon Holdings, a privately-owned British developer, reports Andrew Taylor, Davnn said it was considering offars of finance from the UK and US.

By Andrew Gowers, Middle East Editor IRAQ will launch today - at tanks and modified mediumrange missiles.

The aim of the exhibition,

IRAQ will launch today — at an international military production fair in Baghdad — a big drive to attract foreign, especially Western, assistance in npgrading its rapidly-growing arms industry.

Scores of foreign companies, including more than 20 from Iraq's main European ally France and about 15 from Britain, will be on band to inspect a sample of items the Iraqi weapons industry claims to produce or assemble, including small arms ammunition. ing small arms ammunition,

according to Western military officials in Baghdad, is to put Iraqi officials in contact with companies that might provide technology and finance for military joint ventures, as well as to advertise withing Iraqi cana.

to advertise existing Iraqi capa-bilities for possible export markets in the Arab world. Iraq decided to build its own arms industry early in the eight-year war with Iran. It is anxious to diversify further

from its present dependeore on Soviet weaponry, and to move up-market. In both aims, the Iraqis see the assistance of Western, and of some Third World countries such as Brazil,

Iraq seeks foreign aid for weapons industry

as crucial.

Giveo the Baghdad regime's habitual secrety, it is impossible to be rertain of its military production capabilities. At a previous arms fair last autumn, the Iraqis claimed to have produced their own mishave produced their own mis-siles with ranges of 650 km and 950 km; in fact, these were

probably modified Sovict Scud-Bs. Western officials say the existing industry predomi-nantly consists of low-technol-

nantly consists of low-technology assembly and small-scale manufacturing operations. Apart from small arms and ammunition, these are believed to include an assembly plant for Soviet T54, T55, T62 and T72 tanks; a Yugoslav-built factory making artillery guns; and a plant to modify Swiss-built Pilatus trainer aircraft

rounds fraq's ability to fund its ambitions in view of its \$65bnplu**s d**ebts.

The involvement of British companies amounts to the big-gest sales pitch by the UK arms industry in Iraq to date. Officials in London were anxious to stress that the companies are going to Baghdad on their own behalf, not with Government sponsorship, and that their presence implies no relaxation of the export controls on Pilatus trainer aircraft. lethal equipment which were Considerable doubt sur- in force during the Gulf war.

UK high-tech sale worries US

By Nancy Dunne, in Washington

DISCUSSIONS between US and Britisb officials are underway over American concerns that an export licence granted by the British Government for a high technology sale by Simon-Carves of Stockport, north-west England, would violate reatrictions imposed by the Paris-based Co-ordinating Committee for Multilateral

Export Controls. The sale, part of a \$450m deal between Moscow and Simon-Carves, a construction firm, would result in the transfer of programmable industrial processors - precision control-lers used in assembly-line production - for a factory being built in Yerevan, Armenia. Mr Michael Price, a spokes-man for the British Embassy, said the UK Government has taken the position that the equipment is not covered by the Gocom list of strategic items to be controlled. Conservatives in the US are

concerned that the sale will establish a precedent for bypassing Cocom on strategi-

cally significant technology.

Although the Bush Administration reportedly disagrees with the UK, it has yet to make public its concerns. Mr Frank Gaffney, a Pentagon official in the Reagan Administration, said many Bush officials view British approval of the export license as "an institutional

assault on Cocom."
The "ruggedised" printed circuit boards, which the Yeravan factory will produce, bave important military applica-

tions, be said.

The Bush Administration has been under intense pressure by US industry and many members of Congress to ease export controls on all but the most sensitive equipment. It has been gradually liberalising some export control rules but bas yet to publicly alter its pol-icy towards Cocom.

According to Mr Gaffney, Busb officials are inclining towards an easing of the Gocom's "no exceptions pol-

World chip sales expected to rise 14.4% this year

By Louise Kehoe in San Francisco

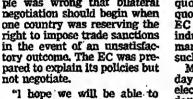
WORLDWIDE semiconductor sales are projected to grow to \$51.5bn - up 14.4 per cent this year, but to decline slightly in 1990, according to data released yesterday by World Semiconductor Trade Statistics, a reporting pro-gramme whose participants include US, European and Japanese chip makers.

The forecast suggests that the industry will make a "soft landing" in 1990, rather than bead for a deep recession as some industry analysts had feared. Growth projections for this year have been raised and the projected 1990 downturn

will be more moderate than previously expected, the trade group said.
The anticipated decline is likely to intensify trade friction

over semiconductors, bowever, since it will coincide with the final year of the US-Japanese semiconductor trade agreement on market acress and dumping, as well as with an anticipated build-up of new USand Japanese-owned semiconductor plants in Europe before the advent of the EC single market in 1992.

Forecasters anticipate greater volatility in the memory chip sector.



"I hope we will be able to convince the US that, at the

However, he said the EC was still not satisfied with efforts by Japan to comply with the Gatt panel finding last year which outlawed its price monitoring system for semiconduc-tors under its bilateral agree-ment with the US. Japan had announced a new monitoring system but this was not satisfactory and further negotiation would be required, he said. Separately, Mr Andriessen

areas so far.

said the European Commission would table proposals "within the next few weeks" for the treatment of Japanese cars after the EC single market has been launched in 1992. Draft proposals were now

Broader multilateral Uruguay
Round of trade liberalisation
talks was taking place, he said.
The recently completed midterm review of the round had
confirmed the world commitment to farm reform set out in
the original Punta del Este dec-

laration and ensured an irre-versible commitment to the

inclusion of new areas such as services, investment and intel-

lectual property to the Gatt. However, there were now only 20 months for detailed negotia-

tion. "That means we have to work very rapidly and very intensely," he said.

Commenting on bilateral dis-putes under way in the Gatt, Mr Andriessen said he hoped it would prove possible soon for

the EC and the US to establish

dispute panels covering both the US complaint against the

ments the waiver exempting it

from its farm trade from Gatt rulea. Both sides have reso-

intely blocked panels on these

being prepared. He could not yet say whether they would recommend a Community-wide quota to supersede national quotas. Mr Martin Bangemann, EC Commissioner for the industrial aspects of the single market, has come out against

Mr Andriessen, also yester-day, told a Financial Times electronics conference in Lon-don that the EC was determined that the new Gatt pro-curement code for areas such as telecommunication, water, transport and energy should be comprehensive, applied to pub-licly-owned entities and to private entitles subject to a licensed monopoly or other government regulation, he

That h less needful for the US to target the EC for its telecommuni-

Nissan leads Japan's 'transplant' operation

By Kevin Done, Motor Industry Correspondent, in Tokyo

THE INK was barely dry on the landmark agreement last the landmark agreement last week between Toyota and the UK Government for a £700m car assembly plant, to he built near Derby, before Nissan, Toyota's Japanese arch rival, signalled that it plannad to raise the stakes yet again in the battle for the European car and commercial vehicles market in the 1990s.

and commercial vehicles market in the 1990s.

The surge into what is called transplant production outside Japan may have begun largely as a way to circumvent import quotas or "voluntary export restraints" imposed by the US and some European Governments and as a way to move ments, and as a way to move closer to the market place, However, it is now being driven by the economic imper-ative of countering the rapid

appreciation of the yen.

The rapid rise in the value of the Japanese currency bas called into question the future profitability of direct vehicle exports from Japan and has added fresh urgency to Japa-nese vehicla makers' efforts both to establish overseas assembly and to move to sig-nificant levels of local content mora quickly than first reck-

The appreciation of the yen The appreciation of the yen has forced Japanese makers to concentrate much greatar attention on developing the domestic Japanese markat, where growth is needed to compensate for the weakening in direct exports. At the same time, export strategies are increasingly heing switched towards quality rather than quantity.

quantity.
In future, the higher value models will be exported from Japan, while volume models for the lower segments of the European and North American markets will increasingly be produced there.

produced there.
Honda, Japan's third largest car maker, has grabbed tha lead in North America with the development of plants in both the US and Canada for producing 610,000 cars a year by 1992, in western Europe, but it is Nissan that holds the initia-

tive. Last week Toyota, Japan's

higgest vehicle producer, made its play in Europe at last. Mr Shoichiro Toyoda, Toyota pres-ident, announced that the group is to spend £700m to build its first European car assembly plant.

assembly plant.

By the time the first Toyota rolls off the Derby assembly line in 1992, the rival Nissan plant at Sunderland in north-east England should be approaching its planned capacity of 200 on cars a year.

approaching its planned capacity of 200,000 cars a year.

According to the outline strategy disclosed here yesterday by Mr Yutaka Kume, Nissan president, the company is set to steal a further march in Europe on its rival by doubling its European car production capacity to 400,000 cars a year by the late 1990s.

Nissan has been by tradition the leading Japanese car group in Europe. Last year it sold an estimated 382,000 cars in western Europe, claiming a car market share of 2.9 per cent (sales of 350,000) captured by

(sales of 350,000) captured by

Toyota. It is clear that Nissan and Toyota are working hard to establish their European production bases. Both are prepared to enter joint ventures. with traditional European pro-ducers if this serves the cause. Nissan has indicated that it expects to have finalised an

agreement with Ford for the joint development of a new vehicle in Europe — a four-wheel-drive multi-purpoae vehicle — that would bring Nissan into a market segment for leisure/utility vehicles below the segment in which it is represented by the larger, more rugged Nissan Patrol. For its part, Toyota saw first production in Jannary in Europe of its HiLux one-tonne pickup, via a licensing deal with Volkswagen for production at VW's Hanover plant. But Toyota is trailing Nisagreement with Ford for the

But Toyota is trailing Nissan, which has an established operation in Spain, its 71 per cent-owned Nissan Motor berica. Output there reached 80,000 units last year, and Nis-san is investing about £450m



SUBJECT TO GOVERNMENT APPROVAL AND THE TERMS AND CONDITIONS OF THE OFFER

International Pirelli N.V. the (the "Company") US\$ 75,000,000 3½ per cent. Guaranteed Notes Due

Pursuant to Condition 14 of the Terms and Conditions (the "Conditions") governing the Notes. notice is hereby given to the Noteholders that on 20th October, 1988 the Company, Societé Internationale Pirelli S.A. and The Law Debenture Trust Corporation p.l.c. (the "Trustee") entered into a First Supplemental Trust Deed containing certain modifications to the Conditions of the Notes and to the Trust Deed dated 13th November, 1986 to reflect the recent reorganisation of the Pirelli Group and which the Trustee considers are not materially prejudicial to the interests of the Noteholders.

A copy of the First Supplemental Trust Deed is available for inspection at the principal office for the time being of the Trustee (presently at Princes House. 95 Gresham Street, London EC2V 7LY, England).

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A copy of the Supplemental Trust Deed is available for inspection at the principal office for the time being of the Trustee (presently at Princes House, 95 Gresham Street, London EC2V 7LY, England).

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CUSIP NO. 313311 TS 1

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CUSIP NO. 313311 VB 5

Dated May 1, 1989

UK NEWS

chief's lawyers pull out of case

By Raymond Hughes, Law Courts Correspondent

Ernest Saunders, the former chairman and chief executive of Guinness, the drinks and entertainment group, who faces criminal charges arising out of the takeover of Distillers, the whisky group, yesterday withdrew from the case.

At a pre-trial hearing at Southwark Crown Court in London, Mr Saunders' counsel, Mr Richard Ferguson, barris-ter, said that the solicitors, Landau and Landau, felt they had "no option" but to with-draw at once because of "strictures" against them by the judge, Mr Justice Henry, dur-

ing yesterday's proceedings.

Last week the firm had told Mr Saunders that, unless it could negotiate adequate remnoeration from the criminal legal aid euthorities, it might have to stop representing him. Yesterday Mr Justice Henry asked why the solicitors had

only now raised the matter when Mr Saunders had been granted legal aid last Decem-ber. The judge also queried the amount of work the firm had done so far in preparing Mr Saunders' defence. Mr Ferguson said the solici-

tors "deeply resented" and were "extremely upset and distressed" by the judge's remarks. The "economic reality", Mr Ferguson said, was that if the firm continued to mark at the learn and marks at the learn work at the legal aid rates et present offered "they would go bankrupt."

The matter arose after Mr Saunders and five of his co-accused had pleaded not guilty to all the charges against them on the 65-count indictment, which includes allegations of theft, false accounting and conspir-acy to defraud.

Mr Saunders faces 49

charges, Mr Roger Seelig, the former Morgan Grenfell corporate finance director, 20, Mr Anthony Parnes, a former stockbroker, 14, Sir Jack Lyons, the millionaire financier, 13, Lord Spens, former director of corporate finance at the Henry Anshacher mer-chant bank, faces five charges, and Mr David Mayhew, senior corporate finance partner of stockbroker Cazenove & Co, faces four.

The seventh defendant, Mr Gerald Ronson, chairman of the Heron Corporation, had been excused from attending court yesterday because he had · a business commitment.

Sherrard, barrister, told the judge that when Mr Ronson

SOLICITORS representing Mr plead not guilty to the 11 charges he faces

Later yesterday, Mr Norman Turner, the partner in Landau and Landau who has been handling Mr Saunders' defence, sald he rejected Mr Justice Henry's suggestion that "we have not been industrious on our client's behalf."

He said they had worked for nothing for 11 months before Mr Saunders had been granted legal aid.
"We are bound to provide

"we are bound to provide the quality of defence neces-sary to ensure a fair trial for Mr Saunders, but to operate on the (legal aid) rates indicated on this unique case could place us in potential bankruptcy," Mr Saunders said later that he regretted that Mr Turner

would no longer be working on his case. "He has done such unstintingly devoted work for me in the past two years." Under the criminal legal aid regulations standard fees are paid to solicitors. The rate for a senior solicitor, such as Mr Turner, is £45 per hour for case

preparation. An "uplift" can be added, at the discretion of the legal aid authorities, to take eccount of the complexity of the case and the amount of work involved. However, solicitors do not know the amount of the unlift until they present their bill after the trial.

Yesterday Mr Justice Henry said that the authorities had indicated that Mr Turner's rate would be not less than £100 per

hour.
Mr Ferguson said that was only the "anticipated" figure.
The judge said be wanted to know if the firm was continuing - "hecause my belief is that there will be no shortage of competent and experienced solicitors to take on this case, even at this juncture."

Also he would want to know why Landau and Landau had accepted a legal aid retainer if it was not prepared, or could not afford, to work at legal aid rates. He asked that if the answer to that was ignorance of the rates, wby had that not been found out in December so that the present position could have been reached at the turn of the year.

Mr Ferguson, who several times protested at the judge's remarks, said the firm should have time to prepare its answers and to satisfy you they have taken every proper step they could have taken for the defence of Mr Saunders."

Former Guinness Canadians torpedo the UK's submarine builders

Lynton McLain sees VSEL put on a brave face

T UCLEAR submarines remain among the most expensive and least exportable warships, as Britain's VSEL Consortium discovered yesterday when Canada decided it did not, after all, want to spend £3bn or more to join the club of nations

operating such vessels. The US, Soviet Union, China, Britain and France make and operate nuclear powered sub-marines, but although China has used Soviet technology, none of them has yet exported a nuclear submarine.

Canada's announcement last year that it was interested by buying between 10 and 12 submarines thus generated considerable interest and a contest developed to supply the vessels between Europe's only two nuclear submarine makers, VSEL Consortium and Direction des Constructions Navales, the French shiphuild-

The vessels were to have been nuclear-powered hunter-killer submarines, which carry torpedoes for sinking other ships and submarines, rather than nuclear ballistic missiles as part of a nuclear deterrent. However, the Canadian decision has dashed the hopes of the Barrow-based VSEL and the French state-owned company. VSEL shares fell sharply in London yesterday when news broke that the potential contract had been called off.

Other large defence groups in Britain will also lose poten-tial sales after the Canadian

decision. These include Rolls-Royce, which makes the nuclear reactors for the snbma-rines, GEC, which makes the turbine generators, Ferranti, Plessey, and Strachan Hen-shew, the specialist Bristol-based maker of torpedo tube

equipment.
VSEL, the former Vickers Shipbuilding and Engineering company, offered its Trafalgar class nuclear-powered hunter-killer submarines, which are in service only with the Royal Navy. Direction des Constructions Navales offered the Rub-is-Améthyste submarines, in service only with the French

he UK group said yesterday that it was disappointed with the Canadian decision, but it sought to play down its significance. The impact on the company will not be all that major, because we had not written the Canadian order into any of our future profit forecasts or bud-gets," VSEL said. "We were not

banking on it."
VSEL is Britain's only submarine maker and the Govern-ment is content to deal with a monopoly supplier, contrary to its declared policy of competitive tendering for Ministry of Defence orders. That has left VSEL with all the outstanding orders for submarines for the Royal Navy.
Although VSEL says it has orders worth £2bn on its books,

it is only working on four sub-marines, two of which are nearly finished. Had VSEL won

the Canadian order, its orders would have leapt to £4.25bn. taking into account subma-rines leaving the order book on completion.

The Barrow yard is working on the last two Trafalgar sub-marines for the Royal Navy, HMS Talent and Triumph, but HMS Triumph will be the last of the Trafalgar class subma-

arrow is also building the first two Trident nuclear-powered ballistic-missile-carrying submarines for the Royal Navy, HMS Van-guard and Victorious, along with the first Upholder class conventional diesel electric suhmarine, HMS Upholder.

VSEL also owns the Cam-mell Laird shipyard at Birken-head, near Liverpool, where a further three Upholder class submarines are to be built.

Those orders, and the last two Trident submarines, are all the work that VSEL has to keep its yards producing income from warships. It expects the third Trident sub-marine order to be placed later this year and the fourth, and last, to be ordered possibly next year.

With the Canadian order having fallen through, VSEL faces at least an gap of eight-years in orders for the hunter-killer submarines. This vessel has sustained work at the Bar row yard since the last order for a Trafalgar class submarine

Lyonnaise des Eaux wins first refuse disposal deal in UK

By Andrew Hill

LYONNAISE des Eaux, the large French water supplier, has won its first local author-ity contract in the UK, bringing another aspect of its over-seas development strategy into the limelight.

Sitaclean Technology, which is part of Lyonnaise's 65 per cent-owned subsidiary Sita, has won a five-year contract for refuse collection from Erewash Borough Council, Derbyshire, in the English Midlands, although the deal has not yet been signed.

Lyonnaise is best known in the UK for its recent forays into the British private water sector. Since last summer the group has bought four statutory water companies, competing for a share of the sector with two other large French water suppliers.

In February, Lyonnaise said. it intended to use its interests in the water companies as a springboard to compete for local authority service con-tracts. But Sita, which operates autonomously and is responsi-ble for street-cleaning in cen-tral Paris, was already tender-ing for such work through

The Egham-based subsidiary has now submitted tenders for about 30 contracts, in street-cleaning and refuse collection, and is working on tenders for

The £886,000 tender to collect the dustbins of 106,000 people living in and around Ilkeston

in Derbyshire beat three other offers and undercut the next lowest offer, from Erewash council's own direct labour organisation, by £133,000. Mr Sam Matthews, Ere-wash's director of technical

services, said that the council had been reassured by Sitaclean's French connections.

"There are companies in this field that are starting off with no track record and its crucial to have the best possible finan-cial backing," he said yester-

day. Lyonnalse's airch-rival, Com-pagnie Generale des Eaux, which controls four British dering for local authority work through an Angio-French joint

British Airways threatened with Brussels bid referral

BRITISH Midland Airways is to refer any hid by British Air-ways for Sabena, the Belgian national airline, to the Euro-pean Commission, Mr Michael Bishop, the chairman of BMA said yesterday, Lynton McLain

British Airways has refused to confirm or deny that it is in talks with Sabena, but the Belgian airline is seeking a part-

ner and has had unproductive negotiations with Scandina-vian Airlines System (SAS), TWA, American Airlines, Lux iar, Air France, Lufthansa and

SAS bought a 24.9 per cent share of Airlines of Britain Holdings, the British Midland Airways parent company, last year and Mr Lars Bergvall, the chief operating officer of SAS, joined the board of Airlines of Britain as a non-executive

director. Mr Bishop said yesterday that the chairman of SAS recently had written to the chairman of Sabena calling for the two airlines to reopen talks about e possible partnership. British Midland Airways would be e party to these talks, Mr Bishop said.

A subsidiary of Airlines of Britain, London City Airways already has a partnership agreement with Sabena on flights from London City Airport to Brussels.

Airlines of Britain would seek a referral of any bid by British Airways for Sabena through the transport commissioner at the European Com-mission. Mr Bishop said he was BA and Sabena would give British Airways five major hub bases in Europe, at Manchester, Birmingham, Heathrow, Gatwick and Brussels.

Airlines of Britain Holdings yesterday reported a pre-tax profit of £11.1m for the year to the end of last December on a turnover of £183.6m.

Newspaper takeover is blocked

By Raymond Snoddy

THOMPSON Regional Newspapers, publishers of the Belfast Telegraph, is considering launching a new morning newspaper in Northern Ireland after the decision yesterday by the Department of Trade and Industry to block Thompson's bid for Century Newspapers. Century is the publisher of the Belfast News Letter, the

oldest morning newspaper in the UK.
The News Letter has been in the hands of the owning Hen-derson family for 193 years. The company also publishes the Sunday News and two local

free newspapers.
The Monopolies and Mergers Commission decided unani-mously that the sale would be against the public interest because it would increase Thomson's share of the regional daily newspaper market from 63 to 81 per cent.

The Commission also argued that the sale would edversely expression of political opinion in Northern Ireland.

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ONTINUED GROWTH FROM MACFARLANE



Macfarlane Group (Clansman) PLC Results for the year ended 31 December 1988.

•	1988	1987	INCREASE
	£000	£000	
TURNOVER	85,442	67,158	27%
PROFIT BEFORE TAXATION	7,315	5,577	31%
DIVIDENDS PER ORDINARY SHARE	4.35p	3.312p	31%

CHAIRMANS COMMENTS

"Over the past four years dividends per share have risen hy over 100% providing shareholders with a substantial real growth in income"

"It is our stated policy that dividend growth should reflect the underlying growth in the earnings of the

"The younger generation of senior management is now bearing an increasing share of responsibility they represent the foundation for continuing growth in the longer term"

"I believe 1989 will be a year of strong growth for the group"

Sir Norman Macfarlane Chairman



New Issues

90 William Street, New York, N.Y. 10038 (212) 908-9400 The Farm Credit System This announcement appears as a matter of record only.

If you would like a copy of the Anoual Report write to: The Secretary, Macfarlane Group (Clansman) PLC 41 Suicliffe Road, Glasgow G13 1AH.

North Sea mishaps heighten concern over offshore management

Stephen Butler asks whether something may be wrong with the way that Britain's oil and gas production is handled

NTIL jnst a few months ago - even after the Piper Alpha disaster which killed 167 men last summer - the UK oil industry was able to say in confidence that it had a good record for safety and maintenance. The record had been marred by a dreadful accident and occasional equipment failand occasional equipment fallure, but these were seen in the industry mainly as regrettable abberations that reminded of the inherent dangers of working offshore and need for continued vigilance.

Now, nearly nine months after the terrible explosion on Piper Alpha that rocked the oil industry, a series of accidents and equipment failures that has cut UK oil production by more than 30 per cent bas raised increasing concern that something may be fundamen-tally wrong with the way North Sea oil and gas production is managed.
These concerns are amplified

because most of the incidents - particularly those that have seriously affected production - have struck Shell Explora-tion and Production, the 50-50 joint venture between Shell and Esso that is widely regarded as one of the best operators in the North Sea, the most professionally managed and the most thorough on

The list of mishaps over the

past year has grown alarmingly long:
July 5: Shell's Brent Alpha
platform was shut down after e
gas explosion. Despite a close
call, there were no injuries.

July 6: A massive explosion destroyed the Occidental Petroleum's Piper Alpha platform, killing 167, after e leak from a gas condensate pump which, unknown to the control room, was under repeir. Ten per cent was under repair. Ten per cent of UK oll production was

knocked out.
September 22: One man died and the Ocean Odyssey drilling rig was destroyed after operator Atlantic Richfield experienced a blowout during high pressure drilling.

October 4: A serious gas leak occurred on Chevron's Ninian platform when a pipe hroke during maintenance. Production was shut down and staff

called to muster stations.

December 24: The offshore loading vessel for the Shell-op-erated Fulmar field broke loose from its mooring causing production to halt there at at neighbouring fields, Auk and Ciyde.

January 1: The bursting of a gas vessel on Shell's Brent Alpha caused damage to pipes and wiring and forced the platform to close down. No injuries

were reported April 18: A big gas explosion at Shell's Cormorant Alpha the Brent pipeline system, which was handling 472,000 barrels e day of crude. The leak occurred during installation of a safety valve, and the explosion occurred after the area had been evacuated.

April 26: The Shell-operated St Fergus gas plant was closed after routine inspection revealed potentially serions equipment problems. About 7 per cent of UK gas supply was affected.

affected.
This is bewildering rag-bag of incidents thet offers little in the way of e common thread of causes. In some cases the accidents eppear clearly to result from faulty work procedure; while in others critical equipment gave out

The public inquiry in Aberdeen into the causes of the Piper Alpha disaster has touched on both these factors as possible contributors to the world's worst offshore disaster. Survivors of the blast have levelled some strong accusations that the work permit system on the platform — the key system that keeps the control room eware of possibly danger-ous maintenance work around the platform - was in sham-

Occidental has yet to present fully its side of the story, and it is unclear whether any possi-ble problems lay in the work permit system itself or how it was operated. Yet something

was badly wrong if the conclu-sions of the technical investi-gation into the accident are correct, that the initial gas leak occurred when control room operators attempted to restart e gas condensate pump while unaware that e safety valve had been removed for

maintenance.
Since the Piper Alpha disaster string of accusations has emerged from unions that keeping North Sea production going has taken precedence over careful safety procedures. Workers complain that they might face reprisals by raising safety issues that could slow down work, or affect production. These claims have now become too persistent to ignore and are one factor behind the Government's decision to support the establishment of statu-

tory safety committees.
The claims that workers who report safety problems face reprisals are dismissed out of hand hy oil company executives, and there is certainly no evidence that companies adopt any such measures as e matter of policy. However, some managers in

tha oil companies admit that the tough economic etmo-sphere in the offshore industry may have affected safety procedures es an unintended hy-product. Snb-contractors, who perform much of the work on offshore platforms, have struggled to stay in business since the oil price collapse of 1986 hy under-hidding each other on jobs, and there is no bonus in the oil business for completing a job behind sched-

ule and over hudget.
There is reason to believe that strict attitudes ahout safety at top level management are not making their way all the way down the hierarchy in every case and that the tempta-tion by operations managers to take short cuts could be irre-sistible. Mr Peter Everett, Shell UK maneging director for exploretion and production, said yesterday the company believed its string of troubles was caused almost entirely by failure to follow procedures, for which manegement was responsible.
There have been hitter com-

laints in the past year about low wages peld to contract workers doing roughly the same work as compeny employees, and it is difficult to helieve that a low morale would not affect safety which would not affect safety, which all experts agree depends critically on worker motivation and attitudes. Mr Everett said that this yeer Shell actuelly rejected some low contract bids in an effort to see that platform workers were paid a rea-

sonable wage. Some of the incidents have also shown that equipment has not performed as expected, for example the mooring joint for the Fulmar offshore loading system. It broke in sea condi-tions that it was designed to withstand. As North Sea installations get older more equip-ment is likely to fail, just as an old car inevitably has more

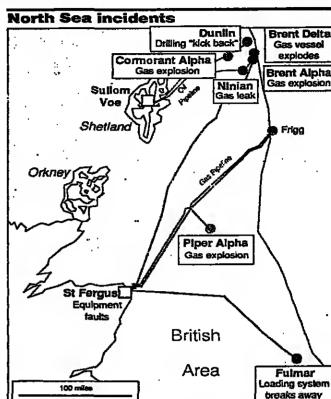
problems than e new one.

The serious and potentially dangerous gas leak on the Ninian platform in October was caused when a worker turned a valve, only to have a pipe hreak off behind it. Chev-ron, the operator, subsequently examined every valve and pipe on the platform hut could find no others that had been subject to the same weakening.

James Capel has estimated that in future years additional safety measures could add 10 to 1S per cent to the cost of operating offshore. Pressure to man platforms with more company staff may also grow, since controls over workers are easier to enforce than with contract workers.

The record of the industry in the past year also has to be put into perspective. in every case but the Piper Alpha disaster, and possibly the Ocean Odyssey incident, back-up safety systems worked as designed to contain damage and save lives.

Yet even these sorts of incidents are likely soon to prove politically unacceptable, and unless the oil industry is suc-



cessful at lowering the visibility of offshore incidents the

Government may be forced to step to take greater control.

Government acts to open gas supply to competing groups

By Steven Butler

THE Government yesterday took steps to pare down British Gas's monopoly in the indus-trial gas market by targeting 10 per cent of gas from new fields for sale by means of

Mr Francis Maude, corporate affairs minister, said in a parliamentary answer that the Government accepted the aims of a recommendation by the Monopolies and Mergers Com-mission that new suppliers should be encouraged to com-pete with British Gas, the pri-vatised utility.

The Government has modified the commission's proposal, bowever, that British Gas should not be allowed to contract for more than 90 per cent of the output of any new gas.

The Government has instead introduced a more flexible system in which the 90 per cent ceiling is a target covering both gas produced on the UK continental shelf and imported

Furthermore, the target applies not to the ontput of individual fields, but to sum of all gas coming from new fields. This means that some fields may be allowed to sell all their output to British Gas, while other fields would have to use

alternative supply arrangements for more than 10 per cent of output

The oil industry is likely to welcome the modification of the MMC proposal. Fears had been expressed that a rigid sys-tem would prove costly and hard to implement.

The target will account for all gas contracted after May 31. However, Mr Maude cautioned that a small number of large deals involving a limited class of customers would not result in the early development of competition, and that the Government would carefully moni tor new contracts to see that is goals were being furthered.

Arrangements are to be reviewed in 1991 to assess the size and diversity of gas users not dependent on British Gas. If the progress towards creat-ing a competitive gas market is insufficient, Mr Maude said be

would resort to order-making powers under the Fair Trading The Director General of Fair Trading has also been invited to seek an undertaking from British Gas to help gas producers to make alternative supply arrangements, particularly by agreeing to carry sufficient gas

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Doctors reject plans for health reform

By Alan Pike, Social Affairs Correspondent

REPRESENTATIVES of Britain's \$2,000 family doctors yesterday told their leaders to consider sanctions for use against the Government if Mr Kenneth Clarke, Health Secretary, tries to impose new contracts on general practitioners. However, a special conference of the British Medical Association's general medical services committee drew back for now from threatening

- for now - from threatening mess resignation from the Mational Health Service. There were warnings that this could be misunderstood by the public and exploited by the Govern-

About 350 GPs' representa-tives at the London conference declared unanimous opposition to the reforms in Working for Petients, the Government's Petients, the Government's draft legislation on health care. The conference then went on to reject the Department of Health's new GPs' contract, saying its proposals were ill thought out, impractical, would limit patient choice and reduce standards of care.

The draft law and contract talks ere separate but overlapping issues. Some of the objectives of the changes – notably a shift in the GPs' salary structure towards payment by

ture towards payment hy results - are included in the

contract talks.

Dr Richard Tiner, a doctor from Taunton, told the conference that the imposition of Mr Clerke's proposals would "so change coneral practice as I change general practice as I know it that I will be prepared to resign." and he said fellow GPs in south-west England

GPs in south-west England shared this view.
However, other speakers warned thet resignation threats would expose GPs to the charge of destroying the service that they were campaigning to defend. Opponents of resignation suggested alternatives, including continuing

REPRESENTATIVES of to work to existing contracts
Britain's \$2,000 family doctors - forcing Mr Clarke to decide
yesterday told their leaders to whether to stop paying GPS
consider sanctions for use - and refusing to give the
against the Government if Mr Government the information to introduce proposed new drug

budgets. Dr Michael Wilson, chairman of the general medical services committee, received a long standing ovation after a speech

standing ovalion after a speech attacking the Government on the contract negotiations and the proposed health reforms. The medical profession, he said, had for many years been seeking changes which would improve services to patients. But the Government had resisted change because of an "obsession with controls" over management, manpower and

The reforms in Working for Patients revealed "that same addiction which has impeded our progress over recent years - an addiction with control, and in particular with cost-con-trol."

BMA critisisms of the man-ner and speed with which tha Government is trying to change the NHS have gained support from a source which will prove embarrassing for ministers - Prof Alain Enthoven, of Stanford University. Prof Enthoven's writings on the internal market in health parts are known to have health care are known to have influenced the Government's

thinking.

He says in an interview in this week's British Medical Journal that the Government is moving at "an amazing speed" in its efforts to set the changes in motion by 1991 speed" in its efforts to set the changes in motion by 1991.

Prof Enthoven says he cannot understand why the Government did not choose to test its "very promising ideas" in pilot projects. And be says he is "very surprised by the lack of detail" in the published legislative documents.

Islative documents.

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(3) a transfer of shares is an approved transfer if but only it:

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UK NEWS

Treasury chief defends tight monetary regime

By Simon Holberton, Economics Staff

high to maintain downward ciency," he said.

oressure on inflation, Mr John

The Government received pressure on inflation, Mr John Major, Chief Secretary to the Treasury, said yesterday. The defeat of inflation was

the "central economic objec-tive" of government policy and the Government was not pre-pared to take risks with it, he told a meeting in London of the American Chamber of

Mr Major admitted that the current level of interest rates was causing short-term discomfort to some in the commu-nity but defended high rates by saying they were necessary if an "inflationary spiral that would damage our economic competitiveoess, our industrial and commercial growth and our individual prospects" was to be avoided.

A day after the Government reported a £1.2hn current account deficit for March, the Chief Secretary said the deficit, which was the result of private sector decisions, would con-tract when the private sector adjusted to the Government's

tight monetary regime.
He said this would not "hapthat the Government's policies were working was accumulating gradually. House price rises and turnover had slowed and this in turn was feeding through to lower consumer spending on bousehold dura-

Recent statistics on retail sales and M0 (money supply) confirm that consumer spending growth is slowing down in response to the tightening of monetary policy against a background of a Budget sur-plus," he said. Mr Major said the main reason for Britain's trade deficit was the surge last year in investment by compa-"The short-term impact on the halance of payments

INTEREST rates will remain ductive capacity and effi-

some welcome news yesterday with the release of final April banking figures which suggest that its money supply indica-tor, M0, which measures mostly cash, fell back to its target range for the first time in more than a year.

The Bank of England's

weekly hanking return contains figures for weekly notes in circulation and after making assumptions for the growth in coins in circulation most analysts concluded that M0 is likely to have grown by 4.9 per

cent in April.
Mr Richard Jeffrey, economist at Hoare Govett, the USowned securities house, said the deceleration in the growth of M0 provided clear evidence that consumption was slowing rapidly. "There is no validity in calls for higher interest rates," be added.

M0 is regarded as good indicator of consumer spending, with a consistent fall in its rate of growth taken to be indicative of a slowing in consumer demand. It is that only economic indicator for which the Treasury sets a formal target but it has not grown within that target. 1 to 5 per cent, since January 1988.

The annual rate of growth in M0 hit a recent peak of 8.5 per cent in December last year and it bas slowed every month since then Mr John Sbepperd, economist at Warburg Securi-ties, said this deceleration was "telling us that the economy is slowing more quickly than peo-

ple have thought likely."
Mr Peter Felner, economist
at James Capel, the UK securities house, said the decelera-tion in the rate of growth of MO was a positive factor for the Government but he did not think it would lead the authorishould be the precursor of long-term improvement in pro-

Cold nuclear fusion claims queried

By David Flahlock, Science Editor

have misled scientists claiming to have observed so-called cold icist who refereed the first scientific papers on the phenome-

Cold fusion has been claimed as an inexpensive way of har-nessing nuclear energy, through a previously unknown nuclear reaction.

The scientists' claims rest on the detection of neutrons, although at levels very much ower than are customary in fusion reactions.

Dr John Carpenter, of the Argonne National Laboratory near Chicago, writing in the British journal Nature, says claimants may be overlooking the fact that cosmic rays can cause neutron contamination

of experiments.

Nature had planned to publish papers reporting two sepa-rate experiments in Utah claiming cold fusion, but the more highly publicised paper by Professor Martin Fleischmann, of Southampton University, and Dr Stanley Pons was withdrawn when referees called for further explanation of their work.

The second paper, hy Profes-sor Steven Jones and seven col-

COSMIC rays from space may leagues from Brigham Young University and the University of Arizona – duly amended to nuclear fusion, says a US phys- satisfy the referees - appears the journal this week.

It claims a small fusion effect, on the basis of detecting small numbers of neutrons, and concludes modestly that the observation "opens the pos-sibility, at least, of a new path to fusion energy."

In an accompanying comment, Dr John Maddox, Nature's editor, notes the indignation of many scientists that claimants bad failed to perform the most rudimentary control experiments of trying it with ordinary instead of heavy water, the presumed nuclear

"This glaring lapse from accepted practice is another casualty of people's need to be first with reports of discovery and with the patents that fol-low," Dr Maddox says.

Robust scepticism is the only wise view, he concludes. He concedes that there may be something in the experiment reported from Brigham Young, but the Fleischmann and Pons conclusions about cold fusion are "literally unsupported by the evidence," be says.

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tional warch, made by Longines to a design by Charles A. Lindbergh, who completed the first non-stop transarlantic flight in May, 1927.

LONGINES

Study finds more coverage of Sky TV in Murdoch titles Newspaper standards 'needed on coverage of broadcasting'

By Raymond Snoddy

THE European Institute for the Media, the research body based at Manchester University, called yesterday on national newspaper owners with interests in satellite television to set and publish standards on the coverage of broadcasting developments to ensure impartiality regardless of cross-media ownership patterns.

The recommendation came among findings by the Insti-tute that newspapers owned by News International, Mr Rupert Murdoch's UK news group, had given more coverage to Sky Television - a wholly owned than other newspapers. Sky Television began broad-

casting in February.
The Murdoch titles, The Sun,
The Times, Today, News of the
World and the Sunday Times, had given generally favourable coverage to Sky, the study found, and did not give comparable attention to the com-ments, reactions or initiatives of satellite television rivals British Satellite Broadcasting. The connections between the Murdoch newspapers and Sky Television were rarely men-

The study, Multi-Media Con-centration and the Free Flow of Information, was commissioned and paid for hy BSB. It found that reports in the Daily Mail and to a lesser extent the Mail on Sunday tended to

Financial Times Reporter

LOSSES caused by a repair bill

on faulty wind turbines at a wind farm in California have

forced James Howden Group,

the Glasgow-based engineering company, out of the fledgling

wind power business.

Mr Alan MacLachlan, Howden group secretary, said that the decision was taken "on economic grounds." Howden had never sbown a profit on its wind energy enterprise, he

In July 1987 Howden reported that the Californian

wind farm repairs were largely to blame for the group's oper-ating profit decline of £3.76m

resulting in an overall group loss of £1.28m for the 1986-87

financial year.

The Daily Mail, in association with Yorkshire Television, has a contract to supply programmes to BSB scheduled to launch three channels in the autump.

The coverage of the Finan-cial Times, the parent com-pany of which, Pearson, is a founder shareholder of BSB. was described by the report as "evenhanded."

The study found that News International titles devoted more than four times the space to covering promotional events for satellite television, mostly for Sky between June 1988-February 1989, as papers with BSB connections.

These newspapers had also devoted more than seven times the space given to such events in national newspapers with connections to neither satellite television group.

The study says it found a difference between the "relatively small and infrequent appearance" of items favourable to BSB in the Mail and Mail on Sunday and "the volume and nature of corresponding coverage" in News Interna-

The institute says that unless standards are drawn up to cover cross-ownership of media interests, there is a danger that "public opinion and attitudes may be subject to undue infinence as a result of tha concentration of media

Howden abandons wind power

The company will hononr

existing agreements, including construction and monitoring of

a 1MW machine at Richbor-ough in Kent being built for the Central Electricity Gener-

ating Board with financial sup-

nort from the European Com-

It will not cut its labour

The future of Howden's tur-

hine manufacturing facilities in Glasgow and Southampton

is uncertain. Mr MacLachlan said Howden Is seeking a

buyer and discussions have taken place with a number of potential purchasers including Britain's other main wind tur-

force of 35-40 people engaged in the UK end of Howden's wind

energy business

The Institute hopes that the Government will introduce "clear, enforceable, and pub-licly beneficial legislation" in this year's broadcasting bill, but it says that newspapers should immediately act on

their own initiative. The Institute wants to see: equal and impartial cover-age of all broadcasting develop-

 clear information to readers about connected and competing press and broadcasting

• an arms length relationship an arms length relationship between media owners and advertisers, the fair placing of advertisments and the proper clearance of contentious advertising claims before publica-

BSB yesterday welcomed the suggestion of a temporary vol-untary code, but said that it looked to the Government to indicate how the mischief highlighted in the report can

be countered." News International last night welcomed the report, but said it was more interested in getting programmes out and suggested that BSB should be worrying about programmes

The research was carried out by Mr Nohle Wilson, former controller of international relavised by a steering committee at the Media Institute.

hine maker, the Wind Energy

Group - a consortium of Tay-lor Woodrow and British Aero-

A similar question mark hangs over some of Howden's

planned wind power projects recently granted funds by the EC, incinding a project for a machine to be built for the

for wind demonstration projects earlier this year will have

to be re-allocated.

Government refuses delay on Shorts bid

By Lynton McLain

THE GOVERNMENT bas turned down a request from GEC and the Dutch Fokker aircraft company, to postpone submitting a joint bid to buy Short Brothers, the Belfast aerospace company which the Government is planned to privatise by the end of June this

ear. The Government deadlina for submission of bids is the end of this month.

The only other candidate to buy Shorts is the Canadian aerospace company, Bombar-dier, which makes Canadair aircraft. The Marconi defence company of GEC is leading the GEC bld.

Fokker said from Amster-dam: "Wa would have liked to postpone the hid, or explain why we cannot make an early

decision on our plans." The company wanted to delay submission of its bid because it has been trying to resolve a problem of sbortage

of production capacity for its aircraft.

By 1991, it will be producing the 100-seat Fokker F100 twinget airliner at the rate of 46 aircraft a year, the maximum capacity of its factory at Schiphol, near Amsterdam.

"But we need capacity to produce between 78 and 80 air-craft a year by 1992," Fokker

The company's joint hid with GEC of Britain to buy Short Brotbers was one of the options for Fokker to increase its production capacity.

Other options included expanding the Schiphol production capacity and/or opening a production line in the US, one of Fokker's most rapidly growing markets for the F100 airliner.

Fokker said: "It is premature for us to make a decision on our proposed bld for Sbort Brothers, because we need another two months to examine the options for expanding our production capacity." Fokker said that the Govern-

CEGB, the Eastern Electricity Board and the EC off the Norfolk coast – the world's first offshore wind turbine. Discussions are taking place ment told it and GEC that the proposed delay was unacceptable. The company will make a with the EC over the projects. formal bid without any condi-Though nothing is completed, it seems likely that the £850,000 granted to Howden by the EC tions.
"We will take the risk that our bid for Short Brothers may

not be the most optimum solu-tion for our capacity problem,"



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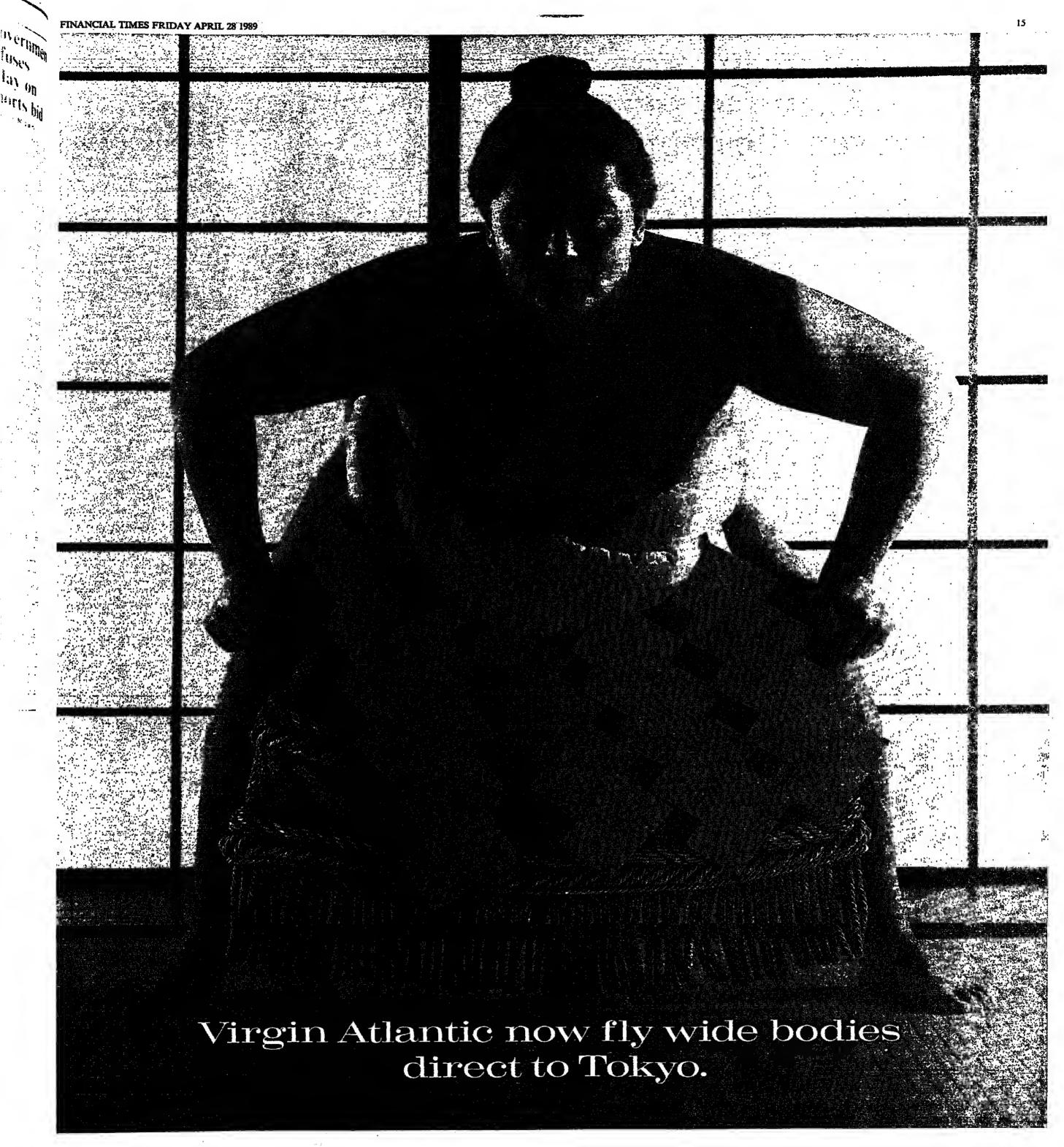
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TECHNOLOGY

The day of the smiling, talking workstation approaches. Louise Kehoe reports



Eagle eye

"GOOD morning, Today is Friday April 28. What can I do for you . . . word processing. spreadsheet analysis, a database search, perhaps, or would you like to read the messages

left while you were out?"
Before too long, turning on your personal computer (PC) could elicit a greeting such as this. spoken by the video image of a person pictured on the screen. The technology required to provide PCs with such attributes is already close to commercialisation.

By the mid-1990s, the flashing prompt signal and electronic bleeps that most of us get when we switch on our PCs may seem just as old-fashioned as a black and white television set. Indeed, if US developers are to be believed, the smiling, talking computer will be part of our daily lives within the next decade.

Tomorrow, people will he talking to, gesturing at and even arguing with these machines." predicted Scott McNealy, president of Sun Microsystems, as he unveiled the latest additions to Sun's computer workstation range. Already, Sun's new Sparcsta-

tions can talk, albeit with a rather squeeky voice, play music and manipulate two and three dimensional graphics. With the addition of a video

Welcome to your truly personal computer

> workstations can also digitise and display colour full-motion

The price of the video board, \$12,900 (plus a workstation costing more than \$20,000), will limit its use to professionals. Sun expects it to find applications in, for example, comput-er-aided instruction from a video disk.

The cost of video processing is expected to be significantly reduced, bowever, by developments at Intel Corporation, the semiconductor manufacturer. Its microprocessors power most IBM-compatible PCs.

Intel is developing a set of chips that implement digital video interactive (DVI) technol-ogy, a method of compressing video signals so that they can be recorded on compact disk read-only memory (CD-Rom). The company is about to introduce a prototype for use by software developers and plans to launch its first "playback" circuit board, which can be plugged into a PC, early next year. Initially, the plug-in board will cost several thousand dollars, but Intel says it will be less than \$1,000 by 1992.

At that price, the potential of interactive video becomes enormous. Training disks will be an important application. says Rick Stauffer, Intel's marketiog manager for DVI. He cites the example of a fast food chain using the technology to train new employees to cook

hamburgers. Travel agents and other retailers could make use of ioteractive video systems to enable customers to, for example, take simulated tours of the places they plan to visit. A fea-ture of DVI is that it enables the user to steer his or ber own path through a video, viewing objects from different angles or zooming in oo detail.

The realistic colours and clarity of DVI images could extend its use into design. For example, people might use the system to redesign their gar-dens or select home furnishings, viewing alternative designs on the screen.

It is in education, however, that the broadest application of multimedia processing ie beginning to emerge. Apple Computer's Multimedia Laboratory is in the forefront of developing educational material that combines text, graphics and video to produce com-puterised learning tools. Working with existing technologies, rather than waiting for

the advent of digital video pro-cessing. Apple has created sev-eral prototype teaching tools.

As well as creating new computer applications, bowever. DVI is expected to contribute to a fundamental change in the

way people communicate with

of video, voice recognition and digitised speech, the machine can take on a personality.

Today's legal wrangling over graphical user interfaces, the programs that put "icons" and "pull-down menus" on our screens, will no doubt seem rather arcane when the major issue of the day has become

whom you want your compoter to look and sound like.

Would you, for example, like a pretty girl to speak to you from the screen on your desk?

Or is your preference for a bandsome yourg hunt? Will bandsome young hunk? Will companies standardise on carefully selected individuals to portray a "suitable" image?

Sceptics might well ask whether the babble of computer talk will not prove irritating in open plan offices and, indeed, whether people really want to sit face to face with an all knowing ever placement and all knowing, ever-pleasant individual every working day. Clearly the concept of the "video user interface" opens a can of worms.

Futurists have long anticipated book-sized computers with advanced displays and communication capabilities. A stumbling block, however, has been the relatively poor quality of the liquid crystal displays (LCDs) used in portable com-

A new generation of display

controller chips, introduced this month by Cirrus Logic, of California, goes a long way towards solving the problem. "Users want CRT (cathode ray tube) quality when they run graphics applications programs on a lap-top computer with a

liquid crystal display," explains George Alexy, vice president of marketing.

To improve the quality of flat panel displays, while maintaining compatibility with desk-top computer standards, Cirrus has developed techniques to transform the colours of a CRT display into up to 32 shades of grey on a monochrome LCD.

The result is a much crisper display without flicker. The new chips also comply with the video graphics array (VGA) display standard, introduced by IBM in 1987 and used in the latest PC graphics software. The goal is to make the qual-

ity of the lap-top computer screen image so good that users will be content to put them on their desks for daily use, as is already the practice in many offices in Japan where

space is at a premium.

According to Dataquest, laptops accounted for just 7 per cent of PC sales in the US last year, but will grow to 16 per cent hy 1992. That would equate to US sales of \$4.1bn and world-wide sales of \$5.9bn.

Cirrus is convinced that once the display quality problem is solved, lap-tops will come to represent more than 25 per

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mamon P.L.C.

cent of the PC market. LCDs have come a long way since their 1970s debut in calculators and digital watches. But the technology still has untapped potential, according to Taliq Corporation of Sunnyvale, California.

The company, a subsidiary of Raychem, has pioneered a method of encapsulating liquid crystal material, which it hopes will open up a range of new applications. Instead of sealing liquid crystal between plates of glass, Taliq paints an emulsion of liquid crystal on to a polyester sheet, a method similar to that used to make photographic film.

The Taliq approach over-comes some of the limitations of current LCD technology. most importantly size. Because the thickness of the liquid crystal material in today's displays must be precisely con-trolled, the size of the displays

is limited by the ability to make perfectly flat glass panels. In practice, that limit is about 50 square inches.

about 50 square inches.

By contrast, Taliq's polyester-based displays can be made to any size. Other advantages are greater brightness and a wider viewing angle. With the addition of colour reflectors, Taliq can make LCDs in virtuality.

ally any colour.
Ultimately, this technology could be used to make large, lightweight computer displays or in flat panel televisions. It might also find a home in the deshboard of a car.

Technological breakthroughs do not always prove to be overnight commercial successes. however, and for Taliq, breaking into big markets against established competitore bas proved tough. So the company is focusing its attention on the two types of application in which it sees the most immediately. ate potential.

The first is in windows that can be made translucent or opaque at the turn of a switch.

These "vision panels", as Taho calls them, are beginning to win attention from architects and office designers. The elec-tronic window shades are expensive, about \$100 per sq ft, but they appeal to those who like to be in the forefront of

technology.

Ford Motor company has also experimented with the on/ off glass with a view to using it in car sunroofs and windows. Tallo recently licensed Nip pon Sheet Glass of Japan to

use its technology for window products to be sold in Japan and the Pacific region. The alliance represents an opportunity to address a broader, higher volume market than that which Taliq could tackle alone. Meanwhile, Taliq is putting effort into liquid crystal panels for instruments and home appliances. By combining its liquid crystal film with graphic overlays and colour reflec the company produces displays that use a fraction of the power

of standard light-emitting

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diode read-outs.

All the fun of the fair with some new robots

This month's Hanover many's higgest robotics mann-Industry Fair demon-strated that the robotics field is far from stagnating. New companies, such as Krupp MaG, of West Germany, are entering the business and existing ones continue to experiment with ways of

expanding their markets. Specialist suppliers to the automotive industry, such as GMF Robotics, a joint venture between General Motors of the US and Fanuc of Japan, are looking for openings in other industries. And companies known for their welding robots, such as Kuka, Gerfacturer, want to move into the assembly field.

Most enterprising, bowever, are companies finding new applications, Robots in computer rooms, for example, are the result of a partnership between the German arm of Stanbli (the Swiss company which recently acquired the Unimation robot activities from Westinghouse of the US) and Comstar, the Dortmund software bouse.

The robot loads data cassettes on to a disk drive unit

- an extremely tedious job for
a person but a crucial one if

the staff at such institutions as banks or insurance companies are to gain immediate access to stored data. The compnter-controlled system removes the cassettes from a rotating "tower" magazine. Each cartridge is bar-coded and the robot is fitted with a camera so that it can check the identity of the cartridge and see that the disk drive is empty before loading it. Once the required data has been downloaded, the robot returns the cartridge to the magazine.

Stanhli and Comstar devel-

oped this last year and have already sold about 20 systems,

mainly in Germany and Scandinavia. This year they bope to install a further 30 or 40 systems, extending their market to car companies.

Another unusual task for a robot, the testing of public telephones, has been devel-oped for the German Post Office's central exchange by the production and automatlon division of Messer-schmitt-Bölkow-Blohm (MBB),

better known in aerospace.
The Deutsche Bundespost
(DBP) needed a system to determine the durability of telephones under different cli-mactic conditions, from -25 to

7S deg C and from 0 to 100 per cent humidity.

As well as being able to operate under these conditions, the robot has to simulate use of the telephone by a person, including the entry of the phone number using a push-button "dial", the load-ing and unloading of phone cards, the introduction of coins and the use of the differ-ent buttons for cancelling a call and so on. In addition, it must work three shifts with-out interruption and report breakdowns and mistakes. The test cell capable of meet-ing these specifications was

supplied by MBB Production and Automation Technology. Based on a six-axis Japanese robot from Mitsubishi, it has proved competent so far and MBB is installing two further cells at the DBP.

Finally from Hanover came news of a robotic system for washing aeroplanes. Niko-MAG, of Germany, demnn strated a prototype version of a system in which a robot, mounted nn an automated guided vehicle, can be pro-grammed to follow the aircraft's contours and wash it.

· Anna Kochan

Adversaries choose their software weapons for Thatcher debate

WHEN Norman Tebbit, the UK politician, and television presenter John Jay put the Prime Minister's 10-year economic record on television trial, this Sunday and next, they will support their arguments using computer software designed for the boardroom not the court-room, writes Della Bradshaw.

The Resolve analysis system, designed by management con-sultancy Metapraxis of Kingston upon Thames, is used by executives in such companies as British Telecom (where Teb-bit is a director), Midland Bank and United Biscuits. The package, which runs on a personal

computer, presents economic data - from within and with-out the company - as graphs and charts.

Graphical material illustrating such topics as inflation and unemployment will be used by the two adversaries during the London Weekend Television assessment, entitled The Thatcher Years: Miracle or Mirage? The program also includes data from other European countries.

Companies using Resolve pay about £25,000 a year for the software, which Metapraxis regularly npdates with the latest economic trends.



STRONG PROGRESSION IN 1988 OF THE LEADING FRENCH COMMUNICATIONS AND LEISURE GROUP **QUOTED ON THE PARIS STOCK EXCHANGE**

CONSIDERABLE PROFIT GROWTH	1988 (in millions of FF)	1988/1987 in %
Consolidated revenues	15.796	+ 15%
Total pre tax income	1,154	+ 51%
Net income from operations	537	+ 44%
Net income group share	746	+ 35%
Dividend per share	11 FF (16.50 FF with tax credit)	÷ 55°è
investments	1,381	+ 59%

HIGH RETURN ON EQUITY

Consolidated shareholder's equity excluding minority interests amounted to FF. 2,151 million at year-end 1988, with a return on equity for the year of 34.7%.

Consolidated long-term debt amounted to FF. 120 million equivalent to 5% of shareholder's equity including minority interests.

The net cash assets of fully consolidated companies at year-end 1988 amounted to FF. 1,408 million as compared to FF 1.526 million in 1987.

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Advertising and consultancy: In exclusive media representation. Havas Media Regions is the leading actor for advertising in the local daily press and Office d'Annonces, ODA, for telephone directory advertising. Havas is top-ranked in outdoor advertising with Avenir, and in free sheets through Comareg. Eurocom, with the HDM and Belier/WCRS subsidiaries, is France's leading full service advertising and consultancy groups.

Tourism and leisure: Havas Tourism covers France's largest travel agency network. A plan has just been announced to merge its French distribution network with those of Wagons-Lits within a joint equally owned subsidiary which will be closely associated with Wagons-Lits Tourisme's International

Publishing: C.E.P Communication is Europe's number one business and trade publisher and, combined with Groupe de la Cité, ranks among the world's top ten publishing houses.

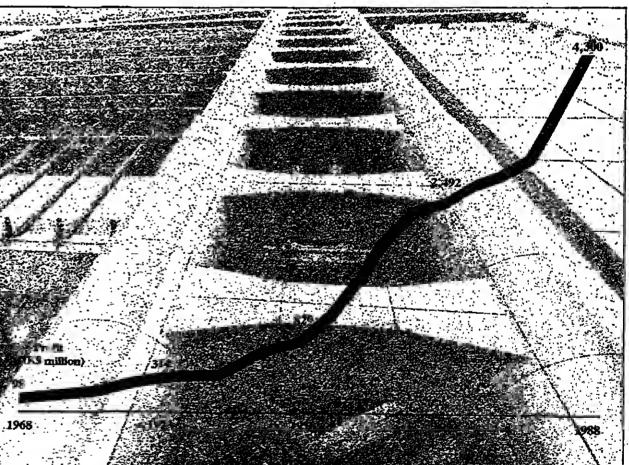
Audiovisual: Canal + is Europe's first pay television channel, while Information et Publicité is the leading exclusive representative for radio and television advertising in West Germany with RTL Plus and in Belgium with RTL-TVL

1989 OUTLOOK

Based on a review of the 1989 business plans of Group subsidiaries and first-quarter trends, the Group's share in income from current operations after taxes for 1989 should increase by some 15%.

Note: In order to receive the Annual Report (in French or in English), write to: Direction de la Communication HAVAS - 136, avenue Charles-de-Gaulle - 92200 NEUILLY-SUR-SEINE - FRANCE, Tel. (1) 47.47.30.00.

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(£307 million) earnings per share up 15.5% • total dividends up 16.7%

 one-for-ten capitalisation issue proposed for 1989

Together with its subsidiaries and associates, The Hongkong and Shanghai Banking Corporation ranks among the

the world. Listed on stock exchanges in Hong Kong and London, its shares are held by over 185,000 shareholders. The HongkongBank group has more than 1,300 offices in some 50 countries and a staff of over 52,000.

30 largest banking groups in

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CONSOLIDATED ASSETS AT 31 DECEMBER 1988 EXCEED USSIIS BILLION.



FT LAW REPORTS

be over £1.4m. It was the direc

tors' duty to set aside the Feb-

approved hy shareholders -informally at the time of the sale, hy virtue of Dr Lee's own-

ership or control of the entire issued share capital, and for-

mally when the 1987 accounts were adopted at annual general meeting. The general rule was that any act which fell within

would be binding if approved or ratified by shareholders.
But that rule was subject to

exceptions, one of which was

the adoption of a special proce-

dure, return its capital to its

which amounted to an unau-

It followed that a transaction

Dressed-up sale is a return of capital to shareholders

AVELING BARFORD LTD v PERION LTD AND OTHERS Chancery Division : Mr Justice Hoffmann: April 17 1989

THE DISTRIBUTION of capital hy e solvent company is ultra-vires and incapable of ratifica-tion by sharebolders if it has no distributable reserves; and where the company sells property at gross undervalue to a company controlled by its sole beneficial shareholder, the purchaser will be liable to eccount es constructive trustee for the profit on resale if it knew the original sale at arm's length was a dressed-up and unlawful distribution of

capital to the shareholder. Mr Justice Hoffmann so held when dismissing a motion by the defendants, Perion Ltd and others, to set aside a judgment ordering Perion to account as proceeds of sale of a property which it acquired from the plaintiff, Aveling Barford Ltd, now in liquidation.

HIS LORDSHIP said that Aveling Barford, a Grantham company, produced steamrollers. In late 1986 its entire issued share capital was owned or controlled by a Singapore busi-nessman, Dr Lee Kin Tat. It had exhausted its credit facilities. For the purposes of the nt motion it was taken as

having been solvent. In 1985 Aveling had decided to sell a property called "Arnoldfield", used as an

employees' sports and social centre. During 1986 it negoti-ated with the planning author-ity for permission to build houses on the land. Estate agents valued the property at £650,000.

Perion was a Jersey com-pany controlled by Dr Lee. On October 24 1986 at a directors' meeting it resolved to acquire Arnoldfield from Aveling Barfrom East-ford for £350,000 on a mortgage from Business Mortgages Trust (BMT). The mortgage was arranged hy Mr Robin Chap-man, solicitor to Aveling Bar-ford and to Perion. On Novem-her & BMT center of forward office ber 4 BMT sent a formal offer approving the loan subject to satisfactory valuation. The BMT valuation was £1.15m.

Dr Lee accepted the BMT offar on Perion's behalf. On nuary 26 1987 planning per-January 26 1867 planning permission was formally granted. On February 3 Mr Chapman wrote to Aveling Barford a managing director saying that to complete the transaction he needed £105,708, which would be returned to Aveling Barford.

Payment was made the following day, but the convey-ance was dated Fehruary 3. It was executed by Mr Chapman and by Dr Lee on Perion's hebalf in consideration of £350,000. Perion provided no money for the purchase. The whole consideration came from BMT or Aveling Barford.

On July 17 a query by Aveling Barford, accountants to Mr Chapman, as to an alleged agreement that Perion was to pass back any profits it real-

ised on a resale, produced what purported to be a contract dated January 10 1987 between dated January 10 1987 between Aveling Barford and Perion for the sale of Arnoldfield. Clause 9 provided that in addition to the £350,000 purchase prica Perion should pay a further £400,000 in the event that it sold the property for more than £800,000 within a year. On August 5 1987 Perion sold Arnoldfield for £1.5m.

Aveling Barford now in light

Aveling Barford, now in liq-uidation, obtained judgment against Perion in default of defence ordering certain defence ordering certain pay-ments and an inquiry as to damages and compensation. On the present motion Per-ion sought to set asida that ion songht to set asida that sale to Perion was a breach of judgment. The main question that she was whether it had shown it had a good arguable defence. because it was unanimously

Mr Chapman was fully aware of the facts and was the person who acted on behalf of both Aveling Barford and Perion in carrying out the transac-tion. For the purpose of decid-ing whether Perion was entitled to retain the benefit of the sale, Mr Chapman's knowledge must be imputed to both
Perion and Dr Lee.

But even without that know
Bright and the imputed to both
for a company conferred by its
memorandum of association

edge the sale could not stand. If the value of the land was £650,000, as Dr Lee said he had believed. Perion could have sold it the next day for that sum and made an immediate that a company could not, without leave of the court or profit of £300,000 at Aveling Barford's expense. Only if it was sold for more than £800,000 would clause 9 have come into

If the February sale was a breach of duty and liable to be thorised return of capital was ultra vires, and could not be set aside at the time. Dr Lee or Mr Chapman on his behalf had no right to confirm it retrospectively as a sale at £750,000 when they knew the value to validated by a shareholder ratification or approval.

Whether a transaction was a distribution to sbareholders did not depend exclusively on what the parties chose to call

In Ridge Securities [1964] I WLR 479 excessive interest ruary sale and obtain full value of the land for Aveling Barford. On any view, there-fore, the sale was a breach of fidnciary duty by Dr Lee. Per-ion knew all the facts which payments on debentures were held to be ultra virus because they were dressed-up gifts of capital. In re Halt Garages [1982] 3 All ER 1016 excessive made it a breach of duty and was therefore accountable as remuneration to a director and shareholder who rendered no services to the company was held to be dressed-up return of capital and uitra vires. The test, said Mr Justice Oliver, Mr Bannister for Perion submitted that wbether or not the

> company's power. In the present case, the sale to Perion was not a genuina exercise of the company's power under its memorandun to sell its assets. It was a sale at a gross undervalue for the purpose of enabling a profit to be realised by an entity controlled and put forward hy its sole beneficial shareholder.

was whether the transaction

was a genuine exercise of the

Aveling Barford had, at the time, no distributable reserves. The sale was therefore ultra vires and incapable of validation hy the shareholder's approval or ratification. The fact that the distribution was to Perion rather than to Dr Lee or his other entities which held the shares in Aveling Barford was irrelevant.

Mr Bannister relied on

Rolled Steel Products [1986] Ch 246, 296 where Lord Justice Slade said that the directors' state of mind and knowledge was irrelevant in considering questions of corporate capacity. Mr Bannister said the Halt Garages test for genuineness admitted questions about directors' motives, state of

mind and knowledge.
In Rolled Steel, however, Lord Justice Stade excepted "frauds on creditors" from his

Mr Bannister said that "frauds on creditors" meant transactions entered into when the company was insolvent. The phrase was not intended

to have so narrow a meaning. The rule that capital might not be returned to shareholders was a rule for the protection of creditors. The evasion of that rule fell within what Lord Justice Slade had in mind when he spoke of a fraud on creditors.

The transaction was in law a sale. The false dressing it wore was that of a sale at arm's length or at market value. The fact that it was known and intended to be a sale at an undervalue made it an unlaw-It followed that Perion had

no arguable defence and the motion to set aside the judgment must be dismissed.

For Aveling Barford: Simon Mortimore (Cameron Markby) For Perion Edward Bannister (Payme Hicks Beach)

Rachel Davies

Notice to Holders of the Boods and Warrants

Seibu Credit Co., Ltd. (the "Company"), Tokyo, Japan U.S. \$100,000,000

3%% Guaranteed Bonds due 1992 with Warrants attached

At the ordinary general meeting of shareholders of the Company held on 27th April, 1989, resolutions were adopted so as to amend certain provisions of the Articles of Incorporation of the Company. In consequence of such amendment, ootice is hereby given as

 Effective as from 1st October, 1989, the corporate name of the Company will change to Credit Saisoo Co., Ltd.

The captioned Bonds and Warrants will ramain listed on the Lincembourg Slock Exchange under the Company's previous corporate name but followed by the new corporate name. Each new notice to the holders of the Bonds and Warrants will contain

3. The Bonds and Warrants will not be stamped or exchanged for new Bonds and Warrants.

4. The Company will change its fiscal year end from 31st fanuary to 31st March, fully effective as from 1st April, 1990; provided. however, that the fiscal year commencing on 1st February. 1989 will end on 30th September, 1989, and the subsequent fiscal year commencing on 1st October, 1989 will end on 31st March, 1990. respectively. "Dividend Accrual Period" shall be deemed to

Seibu Credit Co., Ltd.

By: The Sumitomo Trust and Banking Co., Ltd.

Dated: 28th April, 1989

4.524

DSL Bank

DM 100.000.000,---

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For the three months 30th April 1989 to 29th July 1989 the notes with carry an interest rate of 6,50% (Fibor less 0,10%) per annum with a coupon amount of DM 81,25per DM 5,000,—note. The relevant interest payment date will be 31th July 1989.

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period 28th April, 1989 to 31st July, 1989 has been fixed at 10% per cent. The amount payable on 31st July, 1989 will be U.S.\$266.01 against Coupon No. 21.

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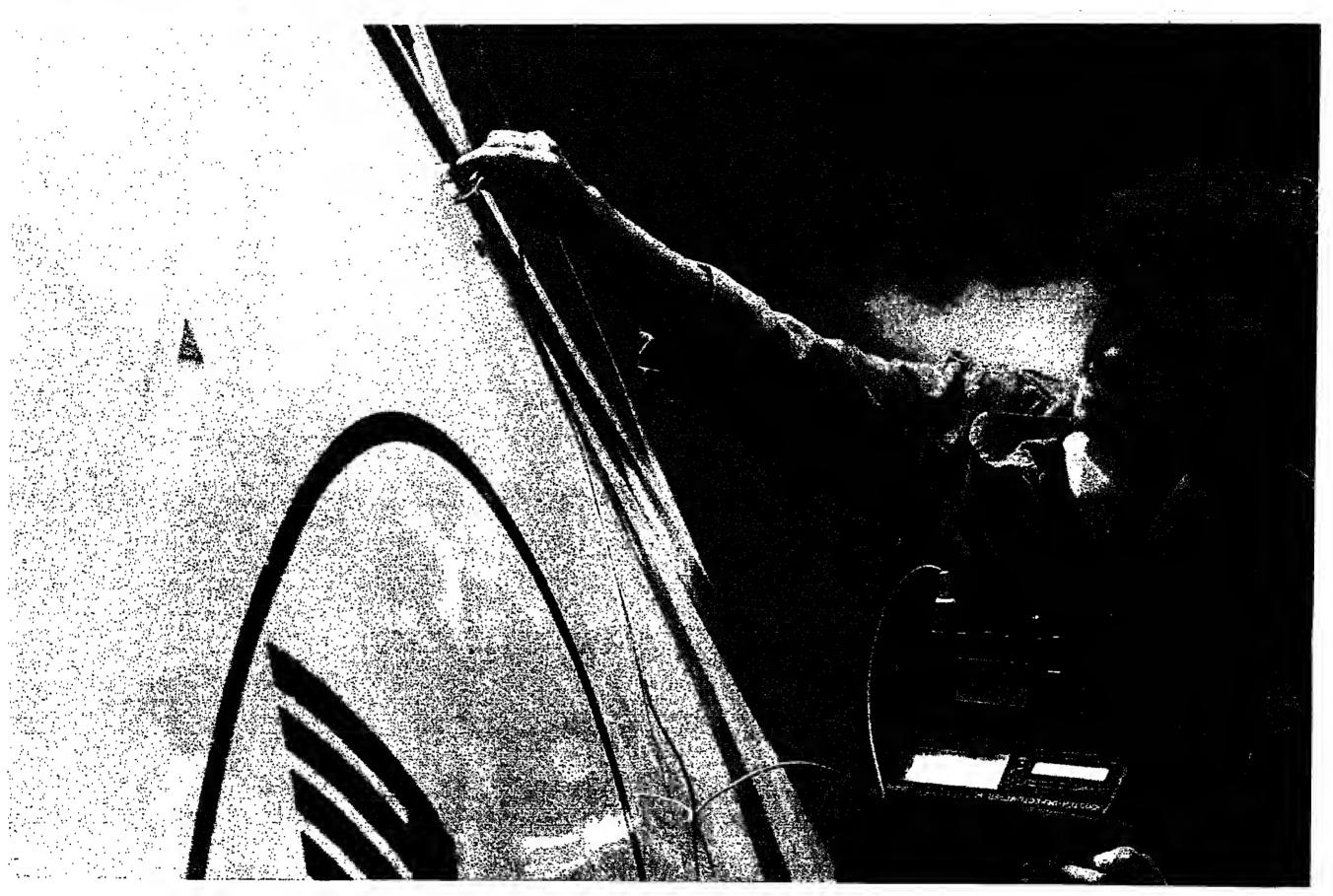
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West German banking

A quest for co-operative union

Haig Simonian explains why DG Bank wants to restructure domestically and create a European network equipped to take on the more traditional competitors

ow does a huge bank rooted in the West German cooperative system react to the new chal-lenges in financial services thrown up by the European Community's planned free internal market after 1992? Does it simply follow the example of other large commercial banks quoted on the stock exchange, or ioes its special nature as a co-operative institution oblige it to go its own way?

These are the questions now taxing Helmut Guthardt, chief executive of Dentsche Genossenschaftsbank (DG Bank), West Germany's sixth biggest bank, and his manage-

ment team.

The bank, with total assets of DM 135bn in 1987, will have to think fast. There are already strong signs of greater competition from other European banks in the German market putting a premium on a bank achieving size and breadth of coverage,

specially to key corporate clients. Guthardt's plans for the bank and indirectly the German co-operative system in general – are still not complete. Nevertheless, thorough-go-ing structural change is part of his answer. DG Bank has already evolved substantially itself, becoming more broadly-based in its activi-

But Guthardt believes Germany's complex three-tier co-operative bank-ing system, in which DG Bank is the third layer, must be rationalised to raise its competitiveness and prepare for potentially closer links with other European co-operative banks. Progress has been made in resolving these problems, but only amid stiff opposition from some within the German co-operative system to Gnthardt's ambitions to rationalise the middle layer while leaving the country's local co-operative banks

(the first layer) intact.
Guthardt believes DG Bank has to follow a somewhat different path from its main rivals outside the cooperative movement, despite being of a size which might suggest it should adopt an approach similar to

Deutsche Bank has made big acquisitions in retail banking, Dresdner Bank has - so far - concentrated on investment banking and fund management, while Com-merzbank has focused on strategic cross-holdings in European partners.

The co-operative movement plays a dominant role in German retail banking, with some 35,000 banks scattered across the country, owned by around 11m depositors. Their

wholesaling and clearing needs are co-ordinated at regional level by five middle-tier co-operative central banks, which in turn channel their business to DG Bank on the third

In the past, DG Bank was little more than a receptacle for spare inquidity in the co-operative system, which it would then place for the other banks on the interbank mar-

However, all that changed rapidly in the 1980s when, in response to major changes in domestic and European banking, DG Bank took on the functions of a full scale universal bank. It now participates actively in the domestic equity and bond markets and competes hard with its established rivals outside the co-operative system in corporate finance and lending. Nor has foreign expan-sion lagged; DG Bank now has operations in some 13 countries, including ownership of London &

committee involved has now been

Guthardt argued in the paper that the division of responsibility between the second and third tiers was no longer appropriate; it was inefficient and was putting the co-op-erative banks at a competitive disadvantage. "We need to have a more rational structure," he said.

According to Guthardt, size and international coverage have become more important in German banking in recent years. New products and new business practices are coming in from ahroad all the time," be says. Co-operative banks need to be involved in such developments at source, just as much as their commercial rivals. Unlike the five regional central banks, scattered around Germany, DG Bank is represented in international financial centres like New York, London and

However, Guthardt's merger plan

DG Ban	k Group (Cor	solidated)	DM m	
	1984	1985	1986	1987
Loane	64,541	75,050	77,772	83,651
Deposits	46,848	60,378	65,225	76,284
Bonds & notes issued*	31,187	36,442	39,550	42,854
Total assets	83,240	103,745	111,951	127,416
			"Including p	re-lating sales

Continental Bankers, a London merchant bank.

The change from unknown co-operative clearer into a more entrepreneurial institution has taken many domestic financiers aback. For some, DG Bank's ambitions have been scorned for their very presumptiousness as much as for their competitive implications.

But having already established its credentials as a universal bank, with partial group operating profits - the standard German measure of bank profitability — up by over S per cent to DM 573m in 1987, where does DG Bank go from bare with 1992 in mind? Gnthardt feels the bank is obliged to follow parallel paths domestically and in Europe, on the ssumption that the bank will con-

tinue to grow.

Last August, he issued a controversial discussion paper calling on the five regional co-operative central banks in Germany - the second tier of the country's co-operative system - to merge with DG Bank. (Changes at both the grass roots and the top level had been the subject of meetings of a special working group of co-operative bank chiefs over a period of about one year. The ad hoc

which could make DG Bank Germany's second higgest bank behind Deutsche Bank, has run into stiff

management difficulties. While two of the five co-operative central banks, Norddentsche Genossenschaftsbank (NG), based in Hanover, and Südwestdeutsche Genos-senschafts-Zentralbank (SGZ), based in Frankfurt, are in favour, two oth-

ers are dead set against.
The merger with NG, the third biggest of the five, is most advanced. All major points have been agreed, and all that is left to do is sign the document, which should be done by the middle of the year, according to Gothardt.

Discussions with SGZ ars more complicated. It had been planning to merge with Raiffesien-Zentralbank Kurhessen (RZK), the smallest of the regional central banks, just as the Guthardt initiative was launched. The SGZ-RZK merger would make the joint unit the largest of the cooperative central banks. Guthardt is confident the SGZ-RZK unit will be ready to approve a link with DG Bank by the end of the year.

That leaves Westdeutsche Genossenschafts-Zentralbank (WGZ), the biggest of the five central banks, and

Genossenschaftliehe Zentralbank (GZB), based in Stuttgart. Both are vehemently opposed to Guthardt's plans. Last December, WGZ chose to underline its independence by making its first bond issue in the Euromarkets under its own name.

"Discussioos bave been very polemic so far. Guthardt admits. It is not just that the two banks do not wish to go along with the merger, "they don't want the others to do so either." Nevertheless, he tries to give an air of quiet confidence. They don't want to go that way, or they don't want to go that way yet." Guthardt plans to put his propos-

als to the vote et a meeting of the entire co-operative banking movement before the end of June to try to win the two round. He is confident of success. "I know the advantages and disadvantages. If one weighs them up, one can only come to one possible vote for rational reasons, he says.

Europe occupies the second half of DG Bank's strategy at present. The motive is once again largely defen-sive. "Our task is to protect and preserve the competitive position of co-operative small banks in Europe," he argues. Before, that role was confined to national frontiers. "But if the size of the domestic market grows, so that function has to be extended to the European level."

The co-operative banks would

appear to have a ready-made advantage over their commercial banking rivals. Rather than spending millions on acquisitions, Europe's co-operative banks, which include the likes of Credit Agricole, France's big-gest bank, and Rabobank of the Netherlands, are already laying the ground for working together more closely.

"We have a steady dialogue," says Gnthardt. Quite what the talks aimed at improving their joint competitiveness entail remains unclear. Takeovers of one European co-opera-tive bank by another have been ruled out. The co-operative hanks will have to compete as a group after 1992, he emphasises.

One possibility is to establish some form of European co-operative bank, representing a new "third tier" in the co-operative banking movement at European level, be hints, Such an institution, built on each nation's co-operative retail banks and one central institution per country, would have unparal-ieled investment resources to com-pete with fast-growing rivals from the commercial banking sector,



Helmut Guthardt: polemic discussiona

according to Guthardt. But is there not a potential con-flict between working out a joint strategy among European co-operative banks and the underlying competition in the international banking business, which makes them more like rivals than allies?

There are already some tell-tale signs that competition could be a problem. Take the question of size and which bank might take the lead in any joint European institution. Guthardt dismisses suggestions that DG Bank will dominate any future joint European unit.

"Of course, there are different views, as you can imagine, spurred partly by the thought of wbo will lead sncb a grouping," be recognises. But European co-operative banks which have been founded on similar principles "sbould look for ways of working co-operatively together," he says.

But DG Bank may be tempted to take the lead in terms of size alone. The figures can be misleading. Despite the fact that Its total assets appear much smaller than those for Crédit Agricole, the German co-operative system is in fact much bigge than that in France. DG Bank's total assets only reflect the third tier of the German co-operative system, while those for the French bank, which amounted to \$214bn in 1987, account for the French co-operative system as a whole. Taking all three tiers of the German system together and allowing for double counting, the comparable figure for DG Bank would be around \$355bn, says an official.

But is Gnthardt's co-operative sen-timents entirely convincing in view of his hank's own rather indepen-dent actions? Last July, it stole a march on its French and Dutch counterparts by belping to establish a new "central bank" for Spain's Cajas Rurales – rural savings banks in which it plans to have a 15-20 per cent stake. The venture, which started with around 25 Cajas Rurales, bas now grown to include almost all the institutions in the Spanish system, says a DG Bank offi-

Guthardt distinguisbes between DG Bank's policy in countries in which there is already an established co-operative banking system and those where there is none at all. or where the existing system is weak. Spain was an example of the latter, be notes. "We will belp to develop the co-operative system on a modern besis in other countries

He is reluctant to say which ones, but Italy could be an example. The country already has a large number of co-operative banks, but lacks a suitable central institution

Where does Guthardt's distinction leave the UK, where DG Bank has friendly relations with the Co-operative Bank, a subsidiary of the Co-operative Wholesale Society?

Guthardt is cautious about his UK plans. He merely notes that, with open frontiers after 1992, any retail financial product developed in the UK market could be sold in Germany. That could put pressure on DG Bank to gain direct experience of the UK market, he suggests.

Business courses

Managing the information systems resource, Cranfield. June 25-June 30. Fee: Tuition £925; accommodation £300. Details from Programme Administrator, Crenfield School of Management. Cranfield Institute of Technology, Cranfield Bedford MK43 OAL.Tel: 0234 751122.

Business strategies for financial services, Oxon. July 2-7. Fee: £1,375 + VAT (non-members of the Institute of Bankers); £1,225 + VAT (members of the Institute of Bankers).

Details from He.ley – The

Management College. Greenlands, Henley on Thames, Oxon RG9 3AU. Tel: 0491

Japan 89, Tokyo. May 28 - June 11. Fee: £5,700. Details from David Hutchins Associates, 13/ 14 Hermitage Parade, High Street, Ascot, Berkshire Sl5 7HE. Tel: 0990 28712. Telex: 847738 SHAQIC G.

Second Europeen conference on business ethics, people in corporations - ethical respon-sibilities and corporate effectiveness, Barcelona, September 27-29, Fee: £200 for EBEN members and presenters of workshop papers; £220 for non-E-BEN members. Details from lESE. Instituto de Estudios Superiores de la Empresa, Universidad de Navarra, Avenida Pearson 21, 08034 Barcelona, Spain, Tel: 03/204 40 00. Telex: 50924 IESB-E.

Making and managing change and innovation, Sweden. June 19-21. Fee: £685. Details from Marina Ticler, The Economist Unit, 25 St James's Street, Lon-don SW1A 1HG. Tel: 01-839 7000. Fax: 01-839 2968. Telex: 24344ECON G.

The Markstraat programme, strategic marketing in a competitive environment, London. June 18-21/October 22-25. Fee; £595 + VAT, Details from Marketing Improvements Learning. 17 Ulsier Terrace, London NW1 4PJ. Tel: 01-487 5811. Telex: 299723 MARIMP G. Fax:

01-935 4839. The quality revolution: a seminar for local government, London. May 25, Fee: from £115 + VAT. Details from The Institute of Quality Assurance, 10 Grosvenor Gardens, London SW1W ODQ. Tel: 01-730 7154. Telex: 8950952.

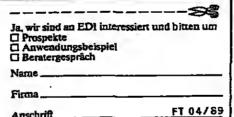
Strike out stress, London, June 22-23. Fee: £1,170. Details from Frost & Sullivan, Sullivan House, R. 4 Grosvenor Gar-dens, London SWIW ODH. Tel: 01-730 3438. Telex: 26167L.

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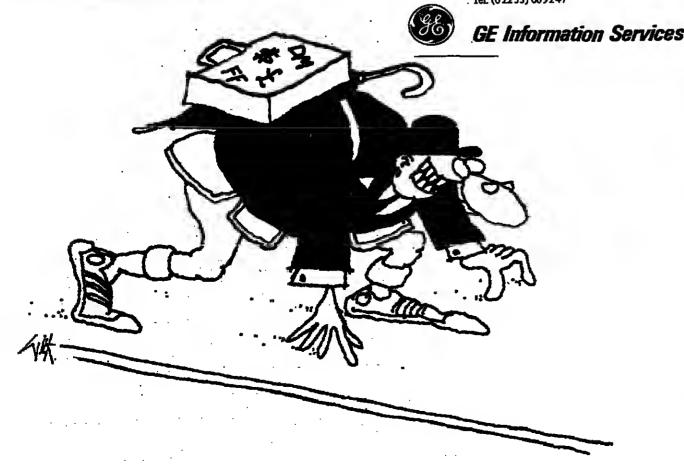
Die magische Jahreszahl 1992 als Start des europäischen Binnenmarktes wirkt schon rundherum. Auch die Banken – ohnehin in rundherum. Auch die Hanken – onnenin in der internationalen Versiechtung von Gilterund Finanzmärkten global operierend – bereiteo sich auf eine noch breitere Präsenz im EGEuropa vor. Liberalisierung der Bankdienstleistungen, Ausbau des klassischen "Commercial
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OPERA AND BALLET London

Royal Opera, Covent Garden. La cienenza di Tito, one of the Royal Opera's most admired Mozart productions of the postw conductor, Colin Davis. Stuart Burrows takes the title role, and the cast also includes Carol Vaness, Anne Sofie von Otter and Anne Mason. Peter Hall's celebrated Glyndebourne production of Albert Herring is borrowed for a first London show ing. Swan Lake is danced to Petipa/Ivanov choreography in the production by Anthony Dow ell, which is conducted by Mark

Ermler. English National Opera, Coli-seum. Josephine Barstow returns for a further series of *The Makro-*poulos Case, a Janacek opera in whose leading role she excels. Charles Mackerras, perhaps the world's leading Janacek conduc-tor, also returns to the ENO, and the cast includes Philip Lan-gridge and Donald Maxwell. More performances of the disappointing new Eugene Onegin, musically strong (with Jonathan Summers in the title role and Marie McLaughlin as Tatyana) but clumsily staged.

Amsterdam

Muziektheater, Netherlands

Opera double bill of Ravel's L'Heure Espagnole and Falla's El Retablo de Maese Pedro, Ken-neth Montgomery conducts the Netherlands Philharmonic, with Anne Howells, Hein Meens, Gilles Cacbemaille and Thierry

Paris

Grand Palais des Champs Ely-sées. Bejart Ballet Lausanne, a world premiere of 1789... et nous in the framework off.a Danse en Revolution (48787515). Opera. Tchaikovsky's Sleeping Beauty in Nureyev's choreogra-phy after Petipa alternating with performances of Busoni's *Doktor*Faust in a co-production between
English National Opera and
Deutsche Oper, Berlin (47425371).

Vienna

Staatsoper. In repertory: Moses und Aron conducted by Horst Stein, with Noriko Sasaki, Anna Gonda. Hans Christian, Peter Jellsits; La Forza del Destino cooducted by Garcia Navaarro, with a cast including Eva Marton, Waltraud Winsauer, Juan Pons; Die Zauberflöse conducted by Nicholas Harnoncourt, with a cast including Luciano Serra, Jeonna Borowska, Gabriale Sima and Heinz Zednik; La Fille Mal Gardée conducted by Caspar Richter, Aida conducted by Gar-cia Navarro, with a cast includ-ing Anna Tomowa-Sintow, Grace ing Anna Tomowa-Sintow, Graci Bumbry, Franco Bonisolli, (Tel: 5t444, ext. 2660). Volksoper. The week's perfor-mances include Die Fledermaus, Kiss me Kate, Hoffmanns Erzäh-lungen, Die lustige Wiave, My Foir Lady and Die Zauberflöte.

Ballet: Arthur Schnitzler und sein "Reigen" (51444, ext. 2662).

Teatro Alla Scala. Anita Magyari and Alessandro Molin in *Ray*-

monda with choreography by Juri Grigorovich, conducted by Michel Sasson. Also Antonello Madau Diaz's production of Verdi's Luisa Miller, conducted by Zoltan Pesko and designed by Maurizio Balo. The cast is led by Katia Ricciarelli, Paata Burchuladze and Giorgio Zancan

Rome

Testro Dell'Opera. Beni Montre sor's production of Rossini's Zel mira, set in the Napoleonic era, sets oot to emphasise the gran-deur of the music as opposed to the infinite complexities of the plot. (46.17.55).

Venice

Teatro la Fenice. Emil Tchaka-roy conducting Purcell's *Dido* and Acneas, arranged by Benjamin Britten, and Stravinsky's Oedipus Rex (with text by Jean Cocteau). A fine cast which includes Lucia Valentina Ter-rani, tenor William Pell, basse Michele Pertusi and Laszlo Polgar and the young soprano Ales-sandra Ruffini (5210161).

Teatro Regio. Massenet's Manon with the delightful Flammo Izzo d'Amico in the title role and Mario Bolognese alternating with Mauro Buffoli as the Chevalier Des Grieux (548.000).

Berlin

Opera. Performances now: Theater des Westens: *Der Liebestrank* returns with Jane Giering. Gösta Winbergh, Manfred Roehrl and Ingvar Wixell. Cost fan tutte in Götz Friedrichs production. conducted by Heinrich Hollreise features Angela Denning, Carol Malona, Mariana Cioromila, Kelth Lewis and Leous Carison.

Hamburg Opera. Wolfgang Rihm's opera

Die Hamletmaschine, producedby John Dew is an important contri-bution to the development of modern opera. Otello stars Gabriela Benackova, WladimirA-tlantow, Piero Cappuccilli and Hein Kruse. Fausts Verdammanis has fine interpretations by nas nine interpretations by Delores Ziegler, Keith Lewis, Franz Grundheber and Harald Stamm. Don Pasquale features Hellen Kwon, Giorgio Tadeo and Urban Malmberg. Manon Lescaltwith Mara Zampieri and Hans Helm rounds off the week.

Cologne

Opera. Cologne honours tha great producer Jean-PierrePon-nelle, who died last year, by res-taging the complete Mozart cycle taging the complete Mozart cycle of seven operas, all produced by him. this week's performances include *Die Hochzeit des Figaro* sung by Claudio Nicolai, Margaret Price, Teresa Ringholz and Anton Scharinger, and conducted by Sir John Pritchard, Also two guest appearances by the Düsseidorf Opera with Romeo und Julia.

Frankfurt

Opera. Rigoletto is sung by Michal Shamir, Margit Neubauer Pla Marie Nilsson and Jurij Zinovenko. Rusalka has fineinterpretations by Eva Randova, Clarry Bartha, Manfred Schenk. Allan Glassman and Kristine Cleinski. Behind the China Dogs has wonderful Wil. China Dogs has wonderful Wil-

New York

Metropolitan Opera. The final week of the season is dominated by the complete cycle of *Der Ring des Nibelangen* conducted by James Levine. In this ambitious undertaking Gwyneth Jones sings Brünnhilde, William Johns is Siegfried and James Morris is Wotan. Lincoin Center Opera House (32, 5000) House (362 6000).

THEATRE

The second secon

London Fuente Ovejuna (Cottesloe). Wonderful production of Lope de Vega classic by Cheek By Jourl director and designer Declan Donnellan and Nick Ormerod. Donnellan and Nick Ormerod.
The best National production
in this venue since the Bill Bryden company. May 3-6 (928 2252).
Bed (Cottesloe) Imaginative reverie for old codgers in pyjamas
and a sleeping den as big as the
Great Bed of Ware itself. The
delightful and unusual proceedince are secrited by Jim Cast. delignma and incustal proceed-ings are scripted by Jim Cart-wright, directed by Julia Bar-dsley. April 28-May 2 (923 2252). Hamlet (Olivier). This pictur-esque Renaissance revival by Richard Eyre for the National Theatre is e disappointment, though David Day Lengt way. excessive, beautifully costumed. A must for yuppies (379 6707, cc 741 9999). though Daniel Day-Lewis may improve with experience in the role. Judi Dench is a moted Gerrole. Judi Dench is a moted Ger-trude, Michael Bryant a superbly busy and dangerous Polonius. Fullish text, but no emotional or intellectual fire. May 2-8, 16-18, May 25-Juna 1 (928 2252). Single Spies (Queeo's). The high-light of Alan Bennett's double bill is a comic confrontation between Prunalla Scales as Her Maiesty the Queen and Bennett

opered derived from David Car-nett's 1955 novella. Musically interesting and well directed by Trevor Num, a cast of unknowns project the right sense of syberitic insouciance. A proba-ble, but unspectacular, bit (839 5972). Majesty the Queen and Bennett himself as Anthony Blunt in the royal picture gallery. Simon Cal-low plays Guy Burgess in a re-hasb of Bennett's fine TV film An Englishman Abroad (734

1166). M. Butterfly (Shaftesbury). Anthony Hopkins as the tortured diplomatic bero in a Peter Shafdiplomatic bero in a Peter Shaf-fer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of bomosexual life. The transves-tite tragedy proves less electrify-ing than in New York; the play is not very good but still worth seeing (379 5399). A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms

negotiation encounter by Lee Blessing Guinness, back on the London stage after 10 years, is in subtle virtuoso form as the Soviet veteran of tactical stone

walling and no-dealing tricks (930 2578, cc 889 1438) Esigadoon (Victoria Palace), 1947
Lerner and Loswe "heatherscented" Scottish fairytale hit
is handsomely revived and well
sung, less frail than expected
(834 1317 cg 838 9428) (834 1317, cc 836 2428). The Vortex (Garrick) Maria Att-kee and Rupert Everett in brilliant reappraisal by Philip Prowse of Neel Coward's 1924 study of drug addiction and mother fixation. Mannered,

Henceforward (Vandeville). Ian McKellen and Jane Asher in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. A tale of obsession, devo-tion, computer music, women as robots, gangs on the streets and a tug-of-love (836 9987, cc

and a rug-or love (836 9887, cc 741 9999). Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Gar-

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-win-ning drama covering 20 years in the life of a successful Ameri-can beby boomer goes from sup-port for Eugene McCarthy's pres-idential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emo-tional flavour of the period (239

Lend Me a Tenor (Royale). A

sprucing up in the set of a decaying town's big time opera ambi-tions makes a transatlantic hit of this farce, first produced in Londoo, but now with a local cast led by Philip Bosco and Victor Garber (239 6200), Rumonrs (Broadhurst). Nell Simon's latest comedy is a selfconscious farce, with numerous

slamming doors and lots of mug-ging but hollow humour that misses as often as It hits. Chris-tine Baranski leads an ebullient cast in the inevitable but disap-

pointing hit. Les Miserables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway essons in pageantry and drama (239 6200). Me and My Girl (Marquis). Even

Me and my Girl (Marquis). Even if the plot turns on ironic mica-icry of Pygmalion, this is no clas-sic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless

of characters. It has nevertheless proved to be a durable Broadway hit (947 0033). Phantom of the Opera (Majestic). Stuffied with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transformers. fer from London (239 6200).

Washington

American Juke Box (Ford's). Music from the 1950s and 1960s is performed by a dozeo-strong ensemble directed and choreo-graphed by Edward Love, Ends May 28. Sophisticated Ladies (Kennedy Center Opera House). The first

Soviet-American co-production of a Broadway musical features an energetic cast dancing and singing to a Duke Ellington score highlighted by Satin Doll and Take the A Train. Ends May 27 (254 3770).

Chicago Speed of Darkness (Goodman). The world premiere of Steve Tesich's domestic drama involves the reunion of Vietnam veterans and the havoc it wreaks on a successful South Dakota family. Robert Falls directs. Ends May 20 (443 3800). Driving Miss Daisy (Brian Street). The relationship between a dowager, played by Dorothy Loudon, and her black chauffeur exposes the changes in the South

(348 4600).

Tokyo Ryvo (*The Dragon King*) Shimbashi Embujoh Theatre (541 2211) Vulgar but highly enjoyable production (in Japanese and Chinese) in which plot, about a Chinese boy and a Japa-nese fisherman who join forces to defeat the dragon king. is less important than acrobatics and important than acrobatics and spectacle. Directed by and starring kabuki showman, Emnosuke Ichikawa, with over 100 members of his own company and of the Peking Opera Company, Nastasya. Benisan Pit (546 2087). Brilliantly conceived and executed adaptation (in Japanese) of Dostoyevsky's The Idiot, directed by Andrzej Wajda and starring world-famous kabuki actor Tamasaburo Bando in his first ever male role as Prince Myshkin.

Myshkin.

My Fair Lady. Koseininkin Kaikan, Shinjuku (407 8155). Touring
productioo (in English) of the
classic musical, with James Harrison following in father's footsteps as Professor Higgins.
The Cherry Orchard (in English).
Ginza Saison Theatre (535 6555).
Peter Brook's widely acclaimed
production was first seen in Jean
Claude Carriere's French translation in Paris and later in English
in New York.

The Phantom of the Oners. Nissei Theatre (045 903 5701). This excellent production (in Japanese) is a carbon copy of the London original.

MUSIC

London

London Symphony Orchestra. The Art of Itzhak Periman, con-ducted by Micahel Tilsoo Thomas, with Itzhak Periman (violin), Royal Festival Hall (Ftl)

(928 8900). Academy of St Martin in the Fields, conducted by Sir Neville Marriner, with Ann Murray, Margaret Marshall, Alfreda Hodgson, and Robert Tear, performing Berlioz, Royal Festival Hall (Sat) (928 8900). Royal Philharmonic Orchestra, conducted by Vernon Handley. (928 8800).

conducted by Vernon Handley, with Heinrich Schiff (cello), who will be playing Elgar, Prokofiev. Royal Festival Hall (Sun) (928

Royal Festival Hall (Sun) (828 8800).
London Mozart Players, con-ducted by Edward Heath and Philip Ellis. Trio Zingara, with Annette Cole (piano), Elizabeth Layton (violin), Felix Schmidt (cello). Barbican Hall (Tues) (638 8891). 8891). City of London Sinfonia, conducted by Ian Watson, with Simoo Standage (violin). Bach Mozart, and Vivaldi. Barbican

Hall (Wed) (638,8891).

Paris Nouvel Orchestre de Chambre de Belgique conducted by Jan Caeyers. Mendelssohn, Bizet, Mozart. Salle Pleyel (Tue) (45638573).

Orchestre Symphonique Pro-Arte de Paris. Chouteau, Brahms, Puccini (Tue) Saint-Germain-des-Pres Church (48529865).

Amsterdam

Royal Concertgebouw Orchestra, conducted by Riccardo Chailly, with Lynn Harrell (cello), Wage-naar, Shostakovich, Berlo. (Frl). Netherlands Philharmonic Chamber Orchestra, with Richard Wolfe (viola), cooducted by Antoni Ros-Marbà. Cervello, Hindemith, Mozart. Beurs (Thur) (270466).

Vienna

Ensemble des 20 Jahrhunderts conducted by Peter Burwik Gai, Zemlinsky, Ullmann, Spinner, Austrian Radio and Television Centre (Fri). Wiener Hofburg Orchester, con-

ducted by Gert Hofbauer. Konzer-thaus (Sat, Wed). Concentus Musicus, conducted by Nikolaus Harnoncourt, Han-del, Bach, Pergolesi, Musikverein del, Bach, Pergolesi, Musikverein (Sun). Wiener Mozart Philharmonie, conducted by Andreas Mitisek. Mozart, Johann Strauss, Palais Ferstel. (Mon). Wiener Mozart Orchester, in historical costume, Konzerthaus.

Wiener Philharmoniker, conducted by Claudio Abbado. Schoenberg, Brahms, Musikver-

ein (Thurs). Schwetzinger Festival

Schlossplatz, 683 Schwetzingen, The Schwetzingen Rococo Thea-tre presents a festival from April 29 to June 9 with a mixed programme of opera, chamber music and theatre. The Cologne Opera is represented by two Rossini operas in Michael Hampe's pro-ductions. Berlin commemorates the 125th anniversary of Richard Strauss' birthday with Ariadne and Nazos, produced by Erhard ischer. Other highlights are lieder recitals by Lucia Popp, Rene Kollo, Eva Lind, Francisco Araiza and Tom Krause. The concerts feature Stuttgart's Radio Orchestra, Virtuosi Saxoniae, conducted by Ludwig Guet-tier, Württemberg Chamber Orchestra with conductor Jörg-Faerber, Camerata Bern and Haydn's Die Schöpfung with Stuttgart's Radio Orchestra under Neville Marriner, Ballet

Quartetto Academica, with clarinettist Vincenzo Mariozzi playing Mozart, Schumann and Brahms.

performances and theatre activi-ties round off an interesting pro-

Auditorium in via Della Concilia-Authorium in via Delia Concina-zione (Fri).
Umberto Benedetti Michelangeli conducting Mozart, with Michele Campanella (piano) and Schub-ert. (Sat, Sun and Tues) Audito-rium in via Delia Conciliazione (554)440

rium in via bena Concinerione (6541044). Dar Planistico Contiguglia playing Franck, Schubert, Liszt, Milhaud and Grainger (Wed) (393304) Teatro Olimpico.

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New York .

Oraborio Society of New York conducted by Lyndon Woodside with Brenda Harris (soprano) and Beo Holt (bass). Orff. N. Tcherepnin. A. Tcherepnin. Carnegie Hall (Tue) (247 7800). New York Philliarmonic con-ducted by Erich Leinsdorf with Philip South (trumpet). Sarah Philip Smith (trumpet), Sarah Bullen (harp), Turrin, Ginasters Brahms. Avery Fisher Hall (Tue)

(874 6770). Vienna Chamber Ensemble with James Levine (piano), Mozart, Beethoven, Carnegie Hall (Wed) (2477800).

C217 7800).
New York Philbarmonic conducted by Erich Leinsdorf featuring Dvorak, Husa, and Busoni.
Avery Fisher Hall (Thur) (874 Atlanta Symphony Orchestra

conducted by Yoel Levin with Horacio Gutierrez (plano), Pau-lus, Beethoven, Shostakovich, Carnegie Hall (Thur) (247 7800).

Washington

National Symphony Orchestra cooducted by Tamas Vasary with Nancy Crutcher Tunnicliffe (bag-pipes). Mozart, Beethoven, Davies. Kennedy Center Concert Hall (Tue) (254 3776). National Symphony Orchestra conducted by James Conlon. Mahler programme. Kennedy Center Concert Hall (Thur) (254 3776).

Montagnana Consort, Mozart, Czerny, Smetana, Orchestra Hall (Wed) (435 0012).

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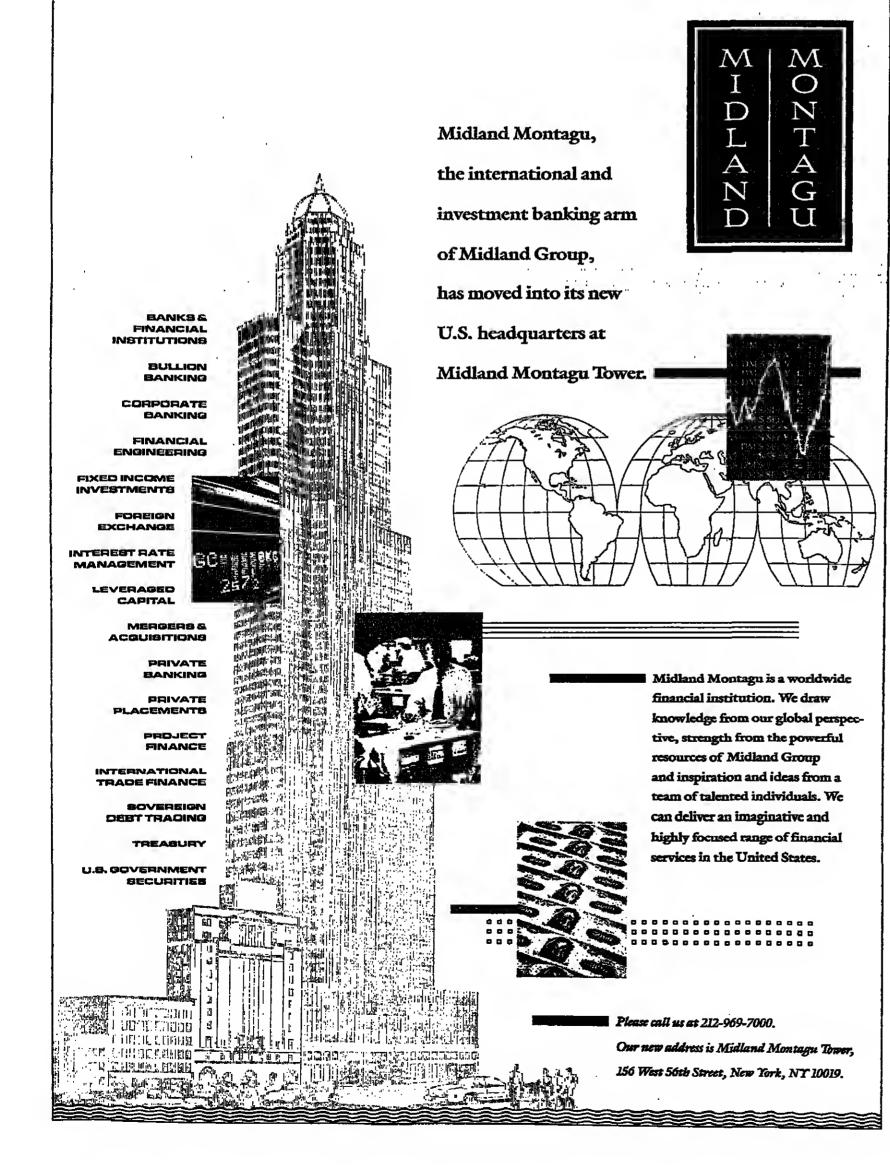
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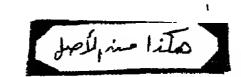
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Hamlet

We soon know the kind of We soon know the kind of Hamlet we are to see at the Royal Shakespeare Theatre in Stratford. A strip of Elsinore bettlement rises in Act 1, Scene 1, on visible machinery, to give the Ghost a sloping site to walk on. In Scene 2, the big window of the King's chamber window of the King's chamber is set at a sharp angle to the horizontal. The players wear today's dress, the King in a tight maroon-coloured uniform. (Antony McDonald is the designer.) The Queen is a handsome woman of under middle age. Polonins wears a grey lounge suit; when he speaks, he sounds entirely competent. Hamlet is wearing a long black overcoat, and sits on a square brown suitcase. Wherever we are, it is not

11th-century Denmark.
The director, Ron Daniels, did a similar Hamlet at Stokeon-Trent in 1970, and there has been no perestroika in his half-fascist state. What he has now, though, is a more eccentric Prince. Mark Rylance as Hamlet gives his first solilo-quy, "O that this too too solid flesh," with his back to the house. It is virtually the last speech he has before he puts his antic disposition on, and it sounds well. He cuts a good figure on the battlements, too. where the Ghost (Rnssell Enoch) has a threatening man-ner suggesting the true nature of the former king. But once Hamlet has decided to pretend madness, he plays it consistently even as far as his final bout with Laertes.

I cannot see him as "the expectancy and rose of the fair state." He is an angry young man with a grudge, not a prince. In this character he is interesting but unsympathetic. ha is really scared. He may

He spits in Ophelia's face when he berates her for her makeup; he is harsh with tha Third Player when he gives his ideas on acting. From "To be or not to be" onwards he wears pya-mas until he comes back from sea; when Rosenantz and Guildentern first meat him he Guildenstern first meet him, he is lying on the floor weeping.

He will joke about anything he can. He mocks the "rugged Pyrrhus" lines he gives to the First Player (Russell Enoch again, and very good too). The Players give The Murder of Gonzagoin e novel guise; after the dumbshow (played in a thunderstorm) the murder is done with the king on a double bed that will later serve for Gertrude's closet, although he has claimed to be alceping in his orchard and Hamlet has told Ophelia that he is murdered in his garden for his

Patrick Godfrey's Polonius is deprived of half his speech to Reynaldo. He is not "that great baby" at all, but a dignified chief minister to the King. He retains the "more matter, art" that the Queen complains of, but speaks as if he were saying something wise. Gertrude (Clare Higgins) is very short with him, and later is anything but motherly with her son; but this is easy to understand. Hamlet has killed Polonius on her bed and the sheets are covered with blood. Rebecca Saire's Ophelia comes from the same Pont Street school es Gertrude, but she crumbles into truly pathetic madness. Clandius (Peter Wight) gives

the impression of a softie with more ambition than he can cope with. When he calls for his Switzers to guard his door,



Mark Rylance

well have been scared when he makes his useless prayer, too, and so he should be, for Hamlet has crept into his room and almost closed his fingers round his neck, though quietly enough to depart without any

The fencing in the last scene is good, though even here Hamlet lowers his rapier and makes fun of John Ramm's manly Laertes. Horatio (Jack Ellis) is always Hamlet's superior both in size and confidence, and one felt thet he should have entered the elec-tion against Fortinbras. I-thought it a mistake to keep the action going after Fortin-bras has said "Let the soldiers

This production has already been on tour and will do so again in the autumn. It is a useful piece for collectors of Hamlets, but I wouldn't rate it higher than that, It is sponsored by Royal Insurance.

B.A. Young

A taste for Islam

Denys Sutton reviews "A Jeweller's Eye" in Washington

ne of the most endearing figures in fiction is Charles Swann, the aesthete and man of the world whose depiction by Proust incarnates the spirit of the Parisian amateur of the fin de siècle. This man of leisure saw life in terms of the fine de siècle. art and, characteristically, he found a prototype for his mistress, Odette, in a painting by Botticelli. He adored Ver-meer and Corot.

The French painter also won the affection of Henri Vever (1854-1942). He was not a well off dilettante like Swann, was not a well off dilettante like Swain, but e distinguished Paris jeweller who was able to include his passion for collecting. He had started by buying French painting, Corot and the Impressionists, notably Monet, Renoir, and Sisley. He himself loved to paint land-scapes in the manner of Corot which he would do at his wife's country house, the Châtean de Noyers. His jewellery shows that he was a

gifted craftsman in the Art Nouveau style and his natural taste for elegance and design made him particularly responsive to the decorative appeal of Japanese prints, which had appealed to

Edmond de Goncourt and others in the latter part of the 19th century.

In their admirable and attractively produced catalogue of the exhibition, A Jeweler's Eye . . . at the Arthur M. Sackler Gallery, Washington DC, Glenn D. Lowry with Suzanne Nemazee pro-vide valuable details about Henri Vever's association with fellow connot seurs such as Charles Gillot and his participation in the dinners generally given at the restaurant Cardinal by Les Amis de l'Art Japonais. Vever had the means to build up a huge collection of Japanese prints, many of which were sold to Kojiri Matsukata in the 1920s; the remainder were dispersed at Sotheby's in 1974-76.

In the 1890s Vever's taste changed. He sold his collection of modern French art in 1897 and devoted his efforts to acquiring Islamic art. He and his wife had visited Samarkand and other Islamic cities and seen the Persian exhibition in Paris of 1883. This was a propitious period for the art buyer as it witnessed the gradual collapse of the Qajar and Ottoman dynasties.

Islamic art, especially that of the book, became fashionable with several outstanding collectors such as Baron Henri de Rothschild. Vever acquired paintings from Michel Manzi, a friend of Degas, and above all from Georges Demotte. Indeed, the catalogue prints informative documents about the commercial relations between the two men. The taste for Islamic art eccorded with the times to a greater extent than is often realised. Henri Matisse was bowled over by the famous Islamic exhi-

bition held at Munich in 1910, while a leading haute couture designer, Paul Poirot, created Persian-style dresses for his clients. It is a trend that was symbolised by Diaghilev's ballet Schehere-zade with music by Rimsky-Korsakov and designs by Bakst. When I saw it as a young man at Covent Garden performed by the De Basil Company seemed to me the epitome of exoticism. Henri Vever's knowledge of Islamic art was considerable, and he collaborated with Georges Martean in writing the catalogue of an exhibition of Persian miniatures held at the Musée des Arts Décoratifs in Paris In 1912. His own collection grew rapidly and some of his works were seen by Basil Gray, then of the British Museum, before the Second World War. I, too, recall the works lent by Vever to the Iranian show at the Bibliothèque nationale in

Then the collection vanished. It surfaced only in recent years when it was acquired by the Arthur M. Sackler Gallery, Washington D.C. The present show consists only of a selection of major items from e collection which numbers over 500 pieces and presents a general view of the art of the book in

This beantiful exhibition belps to explain the appeal exerted by Persian



"The Reclining Prince," attributed to Aga Mirak (c. 1530).

minietures on connoisseurs such as the Khomsa made for the brother of a Bernard Berenson: affinities may be perceived between the precious qualities of such illuminations and Italian gold ground pictures. It was one of the achievements of Berenson, a true Bostonian eclectic, to observe the relation-ships between the arts of different cul-

The variety of Islamic book decoration is considerable. It ranges from the refined ebstract designs of illustrations of the Koran and powerful figures used for medieval treetises to narrative scenes from poems such as the pages from the famous Demotte Shanne the mid-14th century. The appeal of the double-page illuminated frontispiece for

mid-16th century Shah to a jeweller such as Vever is obvious.

These manuscripts introduce us to a refined and idealised world in which princes and their ettendants revel in a life of ease as in the page from the Mothnawi of Jalalnddin Ruml (c. 1458-59). The figures who inhabit these miniatures recall those found in medi-eval French tapestries or the paintings of such Nabis as Maurice Denis. A life of silken dalliance is wonderfully con-veyed in the Reclining Prince attributed to Aga Mirak (c. 1530). This is an art in which illusion is the keynote; as such it appeals to the eesthetic in the tradition of Swann.

The Doctor of Honour

DONMAR WAREHOUSE

The title of Calderon de la Barca's sensational 1635 thriller is not a reflection of the main character's social or aca-demic status. Don Gutierre is a surgeon of his own honour, a psychopathic avenger of his wife's supposed adultery with the King's brother.

In an extraordinary climax, the innocent Dona Mencia is bled to death, Don Gutierre is vindicated by the King, and the grievously wronged Dona Leonor is consigned to married life with the man who ruined

How much we owa Cheek By Jowl for presenting this British professional première, playing at the Donmar Warehouse in Covent Garden until May 13, is underlined by the fact that Roy Campbell's superb translation (much better, for instance, than Adrian Mitchell's of Fuente Ovejuna at National) has been sitting around for over 30 years. The text is both barbarous and supple, and accurately conveys Calderón's rich metrical vari-

ety.
This is the first Cheek By Jowl production not to he directed and designed by the founders Decian Donnellan and Nick Ormerod. Lindsay Posner has done a fine job of activating the glittering nastiness of the piece, though I feel the permenent presence on upstage seating of the cast of nine smacks more of scenic gim-mickry than of interpretative

(3)

The design of Julian McGo-wan is e black and white chequers board with a lone stumpy tiled obelisk to signify a wall, a castle, and a place to plant the bloody hand of death. This play, one of three controversial "honour-tragedies," is



Nigel Terry

much obsessed not only with the Spanish Golden Age notion of honour, but also with liege loyalties, the property value of relationships in the home and the state. "Do you own this house?" asks the Prince of Dona Mencia. "No, but its owner owns me,3 she replies. The cold exploitation of these ligatures, ranged against onr deeper sympathetic

promptings, combines with the profundity of poetic expression to create fine drama. Nigel Terry gives one of his most austerely sinister performances as the cruel Don, while Michelle Fairley as his wife beautifully suggests how she might have kicked up her heels for Don Henry (Neil Pearson) had honour not forbidden her

A good cast includes a comi-cally absolute monarch from William Hope, a wronged supplicant of resonant dignity by the richly talented Claire Benedict, and a marvellous Brummagen clown by Mark Williams. The costumes are rich and fine, the lighting (by Rick Fisher) a delicate essay in chiaroscuro. Only the physical, gestural scale, is wrong. The returns of intimacy are diminishing while the best of Cheek By Jowl is now exploding into

Mark Morris's "Mythologies" in Brussels Loud boos competing with cries of "Bravi" and "Bis." "Go

bome, Mark Morris" said Le Soir's front-page headline after the première of this choreographer's trilogy Mythologies at the Cirque Royal last week. "Stay, Mark Morris," said the headline of a Flemish newspa-per's editorial the next day. The same newspaper (in Le Soir, the same critic) had held the reverse positions five months ago with Morris's new L'Allegro, il Penseroso ed il

On the surface of it, Mythologies - three "dances on essays by Roland Barthes" - is nothing like L'Allegro or any of the other sophisticated dance andmime watertight constructions that Morris has shown in this first season, each a response to an existing musical score. Most of Mythologies would not conventionally be called dancing, and some of its commissioned score by Herschel Garfein would not conventionally be

The three pieces are Soap-Powders and Detergent, Strip Tease and Championship Wrestling. "What peculiar subjects for a choreographer," you think Peculiar subjects for an essayist, for that matter; Morris and Garfein share Barthes's ris and Garfein share Barthes's ironical appetite for mass culture. This is a side of Morris new to Brussels, but related to pieces he showed in London at The Piace in 1984 and 1985 – Lovey, Deck of Cards, Songs that Tell a Story. All three are, in dance and music, odd, fragmentary distillations of their mentary distillations of their subject matter. Each has a time structure and stop-start non-cumulative rhythm that don't make neat entertainment. They're based on an eppointedly American set of ironies, to which I only gradn-

ally became accustomed. They're unmistakably danse-théatre-véritè. Soap-Powders and Detergents, the "danciest," steers a

tricky course between a serious dramatisation of TV-ad material (Mrs R. Michaels of Joliet, Illinois, deprived of her Era detergent for three weeks) and group dances that suggest the cleansing agent, the lather and the engine of the wash-Strip Tease has none of the glamour or steady crescendo that makes striptease a conventional bourgeois entertainment; but its eight specialist strippers (the winsome bride with bouquet, the sour black-leather girl with crash-helmet, the black transvestite in devil's costume with fork and tail, the blithe denim-clad stud, and more) indicate all manner of kinkiness en route to the last G-string - and beyond. Cham-pionship Wrestling gives you wrestling without competition

or suspense; it is wrestling's flamboyant hard core - all posturing and brutal, violent gluttony-for-punishment. All three are essays in irony:

point - honesty is. The final, frank nudity of the strippers, the radiant clean-sheets tableau that climaxes the wash-tub's long travail, and the wrestlers' last exhausted collapse take us beyond the mix of feelings we have had so far. The virtuoso choreographic high-point comes in Champion ship Wrestling a slow-motion fight between two women, each delivering kicks, scratches, locks and punches

ple reaction. Just as the wres-

tling makes you think "How ludicrous," you think, too, "How real." There is high

poetry in the banality of the

wash, poignant drama in the Era-bereft women of Joliet, Ill-

inois. The strippers' lewdness

is appalling and irresistible at one and the same time. And

yet, irony is not the eventual

that seed the other flying. This recalls the anger and beanty of the slow-motion fight in Twyla Tharp's Short Stories. Here. you're never allowed one simeach woman is supported by

four dancers, like Bunraku puppeteers, and the slow-trav-elling falls, recoils, assaults and pounces have a cartoon's delicious violence - and a dreadful glamour also.

But you have to be prepared for the ambiguity of your own reactions to enjoy this or any of Mythologies. My first reaction was to note that its 20-odd dancers are among the most uninhihited, physically and emotionally, to be seen any-where today. Though Mythologies makes demands on them quite unlike this season's other works, it was through concentrating on these performers Barthes trilogy rounds off the grand plan of Morris's first season in Brussels and confirms my belief that be is the finest choreographer now working in

Alastair Macaulay

Acis and Galatea

To open this year's Stefan Zweig series of concerts the British Library chose one of the large number of Handel works for which it is guardian of the autograph score, the English masque Acis and Galatea. The exact nature of the first performance of the piece is unknown, but research has suggested that it was per-Michael Coveney

formed by a small chamber ensemble and, to further the historical link, that was how it

was done here. The benefits can readily be guessed at. Experience of period performance style has prepared us for extra clarity of sound and that was donbly assured in this case with the Westminster Baroque Ensem-ble under Martin Neary numhered the minimum seven players. The "trilling strains" of the sopranino recorder in duet with Nancy Argenta made a most attractive start for Gal-

atea's first aria, and similer pleasures were to follow. It was perhaps a shame that Wednesday's performance did not then follow its mission through and give us some simprobably intended for this little opera. Nevertheless, the tem-perature rose decisively in the second half with the entry of Polyphemus and a splendid singing actor in David Thomas. To hear his black, menacing

bass tripping daintily over the semiquavers in "O ruddier than the cherry" was a Handelian delight of the first order. He also made every word clear in the alternative text to his second aria, where Handel set lines of the most blatant male chauvinism.

The exemplary focus found in the voices of the soprano and bass wes not quite equalled in the two tenors. though Joseph Cornwell's

Demon had en unexpected facility in coloratura and Martyn Hill as Acis rose to e fine. strong "Love sounds the alarm". Tempi were mostly brisk, the sprightly Presto for "Happy, happy we" e few notches up from Sutherland and Pears in their old recording, which is now quite a period piece in its own right.

Richard Fairman

ARTS GUIDE

EXHIBITIONS

London

The Royal Academy. The Royal Treasures of Sweden 1550-1700. An exhibition that sounds somewhat dry and daunting but is in fact a wonderful spread of in fact a wonderful spread of riches, beautifully presented, trophies drawn from across the whole of Europe in the time of Sweden's abrubt emergence as e European power. Daily until June 18; sponsored by Gamlestyden.

Liverpool

The Walker Art Gallery. La France: Images of Women and Ideas of Nation - second show-ing of the South Bank Centre's bicentennial celebration of the Revolution. But even so it is a generous and affectionate tribute to Britannia's difficult neigh-bour. The exhibition remains is on Merseyside from May 3 to

Grand Palais. The French Revotution in Europe, A vast exhibi-tion organised by the Council of Europe tries to situate the French Revolution in the social and political context of Europe as a whole. Closed Tue. Late

as a whole closed the Late opening night Wed. Ends June 26 (4285410). The Louvre. The glass pyramid, built by I.M. Pei, the Sino-Ameri-can architect, has opened to the public as a dramatic entrance to one of the world's most famous museums. Open Sam-60m, Mon and Wed until 9.45pm, closed Tue.

Centre Georges Pompidon. Yves Saint-Laurent. Fashion photo-graphs. Ever since be launched the ideal of a dynamic, modern woman, the great countrier has been belped in his enterprise by top professionals who trans-lated into images the dreams of exoticism and the seduction

of cool, distant perfection. Ground floor, Galerie du Forum; closed Tue. Ends May 22 (42771223). Musée des Arts Decoratifs, The intimate world of Alexander Calder, some 300 works, most of them gifts to family and friends and, as such, exhibited for the first time, show the inventiveness and sense of burnour of the sculptor. Ends day 21. Closed Mon and Tue

(42603214) Musée de Chmy. Medieval art in Paris. The ebbots of Cluny built their magnificent late Gothic town house in the heart of the Letin Quarter on the blackened ruins of Roman baths man hathe Place Paul-Painlève, Métro Odéon, Closed Tuesdays and

Amsterdam

Stedelijk Museum. The first Statelijk Museum. The trait major retrospective of the work or Kasimir Malevich combines loans from leading Soviet gal-leries with the famous holdings of the host museum. Ends May

The Hague Museon. The World of Anne Frank sets Anne's life in the context of her time with more than 500 photographs and a video show. Ends May 28.

Musées Royaux d'Art et d'His-toire. Tibet — Terror and Magic, sculptures and paintings of lama-ist gods on loan from the Musee Guimet, Paris. End on May 14

Frankfurt

'Je Suis le Cahier', the sketch-books of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York based Pace Gallery and sponsored by the American Express company, will have its second stop here in Frankfurt on the European tour. Ends May

Schire Kunsthalle und Kunstversening Aunstralia that Aunst ver-ein, An Römerberg Prospect 89. Peter Weiermair director of Frankfurt's arts association has again chosen e wide variety of artists with around 80 painters and sculptors from 15 different countries for this year's Prospect 89. Ends May 21.

Fritz Köenig. 35 sculptures worked in iron, 70 script pictures and 80 drawings by the German artist Fritz Koenig, born in 1924 are exhibited until May 1. Akademie der Künste, Hanse

Frankfurt

Kunstmesse, Ludwig Erhard-An-lage 1 (Messegelände). Frank-furt's first international art fair from April 21 to 26 will be pres-ented in Helmut Jahn's newly hullt hall No 1, with 205 seperate galleries on two floors of the impressive building.

Cologne

Bilderstreit, Rheinhallen der Kölner Messe, Messegelände. Deutz. The two organisers Johan-nes Gachnang and Siegfried Gohr, present "contradictions and contrasts as the essential source for the debate about con-temporary art". Ends July 2.

The Bawag foundation, run by the Bank für Arbeit und Wirt-schaft in the heart of Vienna is exhibiting works by the young Austrian painter, Kurt Welther. One of his hallmarks is his sym-pathetic evocation of provincialism. Ends May 6.

Accademia di Spagna. The Mirós of Miró: More than 100 works by Joan Miró, including ceramics, drawings and watercolours and oils, which had been kept in the artist's studio in Majorca until his death in 1983. Until

Palazzo Grassi. Italian Art: 1900-1945. A much-amplified exhibition covering a briefer period than did the recent show at the Royal Academy in London, organised again by German Celant, with the director of Pal-azzo Grassi, Pontus Hulten. An attempt is made to put the works into a clear political and social context, emphasising links with confemporary literature, music and cinema. The exhibition ends withtwo blown-up stills from

films by Visconti and Rossellini. Ends Nov.

New York

Whitney Museum. The 65th in the long series of Annuals and Bienniales features a large group of lesser-known artists among the 80 represented on three floors of galleries. Ends July 9. Metropolitan Museum of Art. Goya and the Spirit of Enlightenment explores 160 of the artist's works in relation to his impact on contemporaries and the rationalist modernisation of Spain. Ends July 16. Pierport Morgan Library. Master

Ends July 16.
Pierpont Morgan Library. Master drawings borrowed from Holland's oldest museum, the Teyler in Haarlem, focuses on work by Michelangelo, Raphael, Golzius, Rembrandt and Guercino among 100 pieces from the 16th and 17th centuries. Ends April 30.

National Gallery. More than 160 objects from the Fitzwilliam Museum in Camhridge include paintings by Titian. Guercino, Rubens, Van Dyck and William Blake. In addition illuminated manuscripts, ceramics and bronzes show off a collection that is considered "perhaps Britain's pre-eminent museum." Ends June 18.

Art Institute As part of a national tour, 67 rare ancient Greek sculptures, bronzes, and painted terracotta trace the development of the human form in art from the tenth to the fifth centuries BC. Ends May 7. Tokyo

National Museum. Screen Paint-ings of the Muromachi Period (1334-1573). The Muromachi Period corresponds to the Renaissance in Europe and much of sance in Europe and muce or its art was produced under the influence of Zeo Buddhism and of Chinese ink painting of the Sung and Yuan dynasties. Land-scape, hirds and flowers are among the favourite subjects and this exhibition includes and this exhibition includes works by such masters of the genre as Sessbu and Kano Motonobu. Closed Mondays. National Museum of Western Art. Masterpieces from the Vatican. A somewhat random selection of paintings and sculptures, chosen to demonstrate the development of western art from opment of western art from

ancient Greece to the Renais-sance as well as to present the architecture of the Vatican itself. architecture of the Vatican itself. Closed Mondays. National Museum of Modern Art. Odilon Redon. A major retrospective featuring more than 200 paintings, prints and drawings by the great French Symbolist, attractively arranged by subject matter (monsters, angels, apparitions etc.) rather than chronologically. Most of the works are from public collections in Japan or from the Ian Woodner Family Collection in New York. Closed Mondays.
Hara Annual IX. Recent works by ten young and upcoming Jap

Hara Annual IX. Recent works by ten young and upcoming Jap-anese artists: an opportunity to view trends and developments in contemporary Japanese art. The museum was renovated recently in anticipation of its tenth anniversary. Closed Moo-days.

April 28-May 4 **SALEROOM**

Shaw and Kaye ham it up

A ten minute film recording the unlikely meeting between George Bernard Shaw and the comedian Danny Kaye at the writer's Ayot St Lawrence home in 1949 sold for £20,900 at christie's South Kensington yesterday. The encounter was captured by Jospeh Frieze of Peak Film Productions end both parties hammed it up for the camera, Shaw pretending to creep up behind Kaye to give him e hearty slap on the back. The huyer was a collector of Shaw memorabilia.

tor of Shaw memorabilia. Stan Laurel's bowler, which he gave to the doorman of the London theatre where be appeared in 1947, sold for £9,350, double the top estimate.

Moët and Chandon, the champagne bouse, was a keen bidder at Sotheby's in Chester yesterday when it paid £44,000 for the ultimate in kitsch, a painting of liveried servants in some mythical bishop's palace in 19th century France toasting his eminence in his own cham pegne, and in his presumed absence, when he is ectually peering round the door. It pai double the estimate for the picture by Francois Brunery because the merry crew are drinking Moet and the com-

pany aiready owns e compan-ion piece. The Sotheby's London silver sale brought in £726,066 with 18 per cent unsold. A Charles II sidebosrd disb, deted 1675

made the top price of £66,000, but more interesting was the £23,100, at the bottom of the estimate, paid for an Elizabeth I tigerware jug, the pottery of German origin but the silver mounts English end possibly made by Henry Gillard in London in 1567. A similar jug from the same vendor went below forecast at £19,800.

The sale contained some silver from St Martin's in the Fields, which the church had sold off in the same room in 1973. Then, a Charles I silver gilt communioo flagon, dated to 1634, sold for £4,000: yesterday, Koopman paid £15,950 for it. A pair of George 1 flagons which realised £3,000 sixteen

yeers ago bed eppreciated modestly to 53,220.

A collection of around 100 architectural end ornament drawings formed ebout 1700 by William Talman and his son John mainly acquired in Italy John, mainly acquired in Italy, made £88,000, also at Sotheby's. For over 30 years Faberge has been keenly collected, but there has been little information about the operations in the workshops. Christie's yes-terday disposed of 128 lots of studies of Fabergé objects and brought in £230,439 with only 5 per cent unsold. Top price was the £18,700 paid by Wartski for 16 sketches of disbes, vases

Antony Thorncroft

and bowls.

FINANCIAL TIMES

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Friday April 28 1989

Regimenting **UK** science

THE BRITISH Government, funding, ministers could like its counterparts in other ensure that only the teaching like its counterparts in other industrial countries, recognises its obligation to support basic and strategic scientific research. The best way of channelling public money to scientists, however, has become a matter of vigorous

At present, the main sponsor is the Department of Education and Science. Researchers get money in two ways. They have a call on universities' general income, most of which takes the shape of publicly-funded block grants distributed by the Universities Funding Council. Secondly, they can apply for direct grants from five sepa-

rate research councils.

Two radical proposals for reform are being debated. The Advisory Board for the Research Councils is considerated and the second sec ing a proposal to abolish the individual research councils and replace them with a single "super" research council. This would allocate funds across the whole spectrum of bard and soft science – from nuclear physics to sociology. At the same time, ministers are final-ising plans to separate the funding of university teaching and research. Uoder present arrangements, institutions decide how to allocate block grants between the two activi-

Advocates of a super research council argue that strict demarcation lines in science no longer make sense. Much work is now "inter-disciplinary". The treatment of hiological research is seen as par-ticularly perverse – at least three of the councils have an interest in it. A super council, along the lines of the US National Science Foundation, is also regarded as a way of raising the profile of science within Whitehall.

Containing costs

The separation of the fund-ing of teaching and research is seen as a way of increasing the accountability of universities and ensuring that money intended for research reaches its destination. But it would also give ministers the means to contain the costs of an expansion of higher education. At present a rise in student cash for both teaching and research. With separation of creativity.

hudget rises. The reform could also facilitate the creation of several tiers of universities. A super league would get gener-ous research funding, hut less illustrious institutions might get a budget that financed only the bare minimum of scholar-

The combination of undiffer entiated block grants and an assortment of overlapping and sometimes fractious research councils may look like a classic British muddle. Yet such policies have worked surprisingly well in the past. The UK has a much better record in scientific research - if not in the industrial utilisation of science -than most other countries of comparable size.

Creative activity

One reason is that scientific research is an unpredictable, creative activity. Break-throughs are frequently made hy individuals working alone or in small groups. The hig heavily-funded teams of scientists assembled to crack difficult prohlems — auch as nuclear fusion — often get nowhere. It is worrying there. nowhere. It is worrying, there-fore, that the Government's top advisers favour a technocratic approach to science that is miniscent of industrial policy in the 1960s. The emphasis today is on selective funding (code for picking winners) and the concentration of resources (code for big is heautiful). There is also a conviction that projects must be more tightly managed from the centre.

A super research council and a clean division between the funding of teaching and research would make such policies easier to implement. But they would also constitute a centralisation of power and a redoction In the diversity of funding sources. The chief executive of the super council would have excessive powers of patronage; a little competition between separately funded councils is no bad thing. Nor is it necessarily wrong to give universities a block grant and leave vice chancellors free to determine how it is allocated between research and other hetween research and other uses. The danger is that the changes envisaged will reduce This would do nothing for their

Jordan after the riots

THE SEQUENCE of events in Jordan this month comes as no surprise to those familiar with bread rlots in the Third World. A government belatedly confroms an economic crisis caused by overspending and a shortage of foreign exchange; it implements a package of reforms, including an increase in consumer prices to more realistic levels, as often as not after striking a deal with the international Monetary Fund (IMF); roots break out and the rountry's stability is called into question before order is

li happened in Egypi in 1977, In Sudan in 1985, in Zambia in 1986, and to some extent in Algeria in 1988. In all these cases, the Irouhle is attributable at least as much to defective political systems as to straitened econumic circumstances. The riots which began in the poorer towns of southern Jordan were prompted by the higher cost of fuel and other goods and services, but the causes and effects were much the same.

Some Jordanians will blame the IMF, while those in authority have funted darkly that the rioting was co-ordinated by unseen enemies. The truth is more straightforward. In the months before the distur-bances the government reacted omists, although the decline in fureign aid and Jordanian orkers' remittances from the workers remittances from the Gulf oil states demanded a dose of austerity. At the same time. King Hussein ignored warnings that Mr Zeld Rifal, his Prime Minister, was unpopular and perceived to be corrupt. It was only after the riots in which at least eight people were killed that Mr Rifai

Serious mismatch

Throughout the difficult times of inc past year, the gov-ernment, far from encouraging a free debate to find a way forward, has emasculated the media and left many Jordanians in the dark about the seri-ousness of the problems facing their country. Even if Jordan remains considerably more libcral than some of its neighbours, the country shares what is turning out to be one of the Arab world's most pressing problema - a mismatch hctween economic progress

and political development.

The fact that a sophisticated economy sits uneasily alongside an archaic or authoritar-ian political system is of little oil producing countries with small and therefore wealthy and satisfied indigenous populations. But in Jordan, as in Algeria and much of the rest of Africa, it is becoming ohvious that successful economic management ultimately requires explanation, discussion and consultation – in short, some kind of democratic process. Mr Mikhall Gorbachev has realised as much in dealing with his own country's problems.

Economic reforms

There are signs that King Hussein, still popular at home, is now conscious of the mood of his subjects. Both he and his have spoken of the need for parliamentary elections and a broader public debase, while wisely insisting that Jordan must pursue economic reforms to reduce its dependence on

forelyn aid. King Hussein's allies in the West and his Arab neighbours have every reason to encourage stability in Jordan, which by virtue of geography and diplomacy remains an important player in the Middle East peace process. Their first response is more likely to be in the form of increased financial assistance than political

But they should know that following the riots, groups as far apart as Communists, Islamic fundamentalists and middle class professionals have emerged from the shadows and called for the revival of politi-cal freedoms. Since the 1967 Arah-Israeli war, Jordan has had no general elections and the parliament has become a token institution. Its lower house was dissolved last summer. The end of the riots is a good opportunity for the King to reverse Jordan's recent drift towards authoritarianism and revive the parliament as a forum for open discussion, even if he keeps a firm grip on

the reins of power.

ndia is a country that has never lost the fear that its unity and democratic institutions could fall apart under the pressures of its

own internal problems.

Prime Minister Rajiv Gandhi raised the cry of the nation in danger earlier this month – staking out what will evidently be a major theme of his election campaign – when he accused the Opposition of heing alliad to extremist forces that threatened its hreak-up. Linked to this was the announcement that five more Sikhs are to go on trial accused of involveare to go on trial accused of involve-ment in the murder of Mrs Indira Gandhi in 1984 as part of a wider conspiracy to destabilise the country. "The major threat to contemporary

India comes from the forces of nar-row-minded chauvinism," President R. Venkataraman declared when opening the current session of parlia-ment. "Chanvinism takes many forms," he added, "religio-fundamentalist, communalist and casteist, regional and linguistic." Thus, in the same brush-stroke, he gathered up the problems of Sikh terrorism, of Hindn-Moslem communal riots, of the pressure for more autonomy among the states, and the often violent clashes between landiords and landless in north india.

In an election year, when neither Rajiv Gandhi's Congress party nor the opposition National Front are certain of victory, the strains seem certain to increase as both sides seek to exploit regional, caste and communal pres-

But too apocalyptic a reading of the dangers which India faces obscures a more fundamental point: that the strains are producing significant changes in the political fabric of the country and the way in which India is governed. Whichever party wins the general election due before the end of the year, it is becoming increasingly the year, it is becoming increasingly clear that the Nehru-style of government is in a terminal phase.

The 1980s have seen the emergence and strengthening of a number of trends. The first has been a decline in the power of central government. At the time of independence, the Indian civil service had almost omnipotent anthority over a population of less than 300m. Its procedures and organisation have changed little, though its responsibilities have probably grown. Meanwhile India's population has almost tripled to over 800m. The service is thus overstretched, increasingly ineffective at implementing policies, and demoralised by the sharp growth in corruption.

Recently, the government - which has traditionally taken the lead in economic development – has had its authority further eroded by its diffi-culty in financing expenditures. Cen-tral government debt tripled between 1982 and 1987 to Rs 1,642bn (£61hn) and is still rising fast with interest payments last year absorbing 22 per cent of tax receipts. The Ninth Finance Commission, which arbitrates over the allocation of resources to the states, recently warned that the government faced "fiscal collapse" (a euphemism for bankruptcy) over the next few years.

A second trend has been the con-

tinuing disintegration of the Congress party. It has long ceased to have the popular appeal that enabled it to mobilise a majority behind an ideology or political platform. It is now held together largely by the prospects of jobs and patronage. The recent revolt by Congress legislators in northern states like Bihar, Rajasthan and Mad-

states like Bihar, Rajasthan and Madhya Pradesh has essentially been over the division of the spoils.

The Congress party was further weakened hy Mrs Gandhi's centralising of power in the Prime Minister's hands as a way of curbing her critics. The result has been, as one wag puts it, that "democracy has been preserved for the country hut not the party." With the rank and file having virtually no say in how it is run. virtually no say in how it is run. Congress lacks grass roots.

David Housego looks at the growing pressures on India's political unity



A style of government which cannot be commued: central control as practised by Rajiv and Indira Gandhi

A weaker rule for Mrs Gandhi's son

While Mrs Gandhi and Rajly carried on winning elections, the party's pro-vincial leaders acquiesced in this sys-tem. But since Mr Rajiy Gandhi's defeat in the Tamil Nadu state elec-tions in Langary they are no longer tions in January, they are no longer sure he can win. The unprecedented revolt of provincial legislators that followed was the sign of their disillu-

The third trend to emerge is a new dynamism in the Indian economy which has come from the middle class and the private sector. Depending on definitions, tha middle class numbers between 100m-200m. They have tha skill and funds (much of it "black money") to generate continuing higher economic growth They are the higher economic growth. They are the group most critical of the "bureau-crat-politician state" to which Nehru gave his hlessing. They also provide much of the ballast for holding India together in that they have most interest in strengthening a single market.

But the market economics that enabled higher growth rates in the 1980s have also widened disparitles of wealth between regions, communities and classes. Bombay and India's west coast are prospering in a way they have not done since independence. But in Bihar and much of the Hindi-speaking belt of northern India, unemployment and poverty continue to worsen in absolute terms - a vic-tim of that familiar equation by which small gains in agricultural output are overwhelmed by more rapid growth of

It is against this background of increasingly remote national institu-tions and parties that loyalties to region, caste and religion have grown stronger. Politics has become more fragmented and localised. Local movements have sprung up to articulate and exploit grievances, and populism has become more widespread.

In the north, there have been powerful farmer lobbies like that under Mahendra Singh Takait which staged a mass rally in Delhi last year. In the west, Bal Thackeray's Shiv Sena Hindn extremist movement has exploited the discontent of unemployed youth on a platform of anti-Moslem sentiment and preserving jobs in Maharashtra for the Marathis.

Some groups are quite small, such as the Bodo separatist movement in Assam or the new militant organisation seeking statehood for the Jhar-kand tribal lands in Bihar. Others like the Sikh terrorist movement in the Punjab, combining regional demands and religious fundamentalism, have strained national unity more than at any time since independence.

The common thread hehind this

agitation is the competition for scarce jobs and resources in a society where old hierarchical structures restricting change of work or workplace have given way to much greater mobility. Whether it is the revival of Hindn militancy, or the landless in Bihar enrolling in the Marxist Indian People's Front, economic pressures have had a major hand in reshaping the political landscape.
In this more fragmented picture,

in this more fragmented picture, regional parties have struck the deepest roots. Following the Tamil Nadu state assembly elections in January, the whole of south India has slipped out of the control of Congress administrations — reflecting the south's disillusionment with the rule of Hindi governments from the north, Two states, Tamil Nadu and Andrha Pradesh, are ruled by explicitly regional-

More surprisingly, a sense of regional identity is also beginning to take hold in eastern India, where states like West Bengal, Bihar and Assam, share a common belief that they have lagged behind economically because of neglect hy central government. One recent sign of this was the setting up by Mr Jagamath Mishra, a former Chief Minister of Bihar and a disgruntled Congressman, of a Bihar regionalist movement, the Bihar Jan Vikas Manch — even though Bihar forms a central part of the northern Hindi-speaking belt.

Within the Congress party, baronies are springing up, as in Maharashtra undar Chief Minister Mr Sharar Pawar – in part in response to the inroads made hy the Shiv Sena.

Regional pressures are seen in Delhi as imposing the most insistent strains on unity. But communal con-

flicts have been more violent. The Hindu-Moslem riots in Meerut, Morda-babad, Delhi, Kashmir and Bombay

during the 1980s have probably been the worst since Partition.

One reason for the growth of com-munal tensions is a weakening of the state's commitment to the secularist ideals which prevailed after independence. Both Sikh and Moslem minority communities complain that government no longer provides them with support. Moslems, who account for about 100m of the population, feel discriminated against over education, jobs and in the attitudes of the police. They compensate for what they regard as their second-class status by regard as their second-class status by emphasising their religious and cultural identity through continued use of Moslem personal and family law. They have also become more assertive as a community with the spread of Moslem fundamentalism from the Middle East. Hindn irritation with this has

Hindn irritation with this has helped boost the growth of Hindn extremist movements such as the Shiv Sena, the RSS or the Vishwa Hindu Parishad. These blame India's official secularist philosophy for governments pandering to Moslem sentiments. They want to see Moslems compelled to practice family planning to cut the higher Moslem birth rate. Hindu annoyance also emerges in the impatience of educated, middle-class Hindus with what they see as the backward-looking attitudes of the Moslem community, which they see as a brake on India's development.

Loyalties of region and religion in

Loyalties of region and religion in much of rural India are superseded by much of rural India are superseded hy loyalties of caste and class. In northern India conflicts have probably grown in intensity but their character has changed. Caste distinctions such as that preventing Harijans (untouchables) from drinking at the wells of Brahmins have diminished in importance. Instead economic divisions based on class — between wealthy landlords, a new assertive group of peasant farmers and the landless — have grown in strength.

Conflicts are often more violent because social mobility is greater—as is competition for work and scarce resources.

as is competition for work and scarce resources.

More fragmentation and fluidity in Indian political life does not mean that the union will fall apart or India's democratic institutions collapse — though inevitably Mr Gandhi will play on these fears in his election campaign. But it does mean that India will be goveroed differently, Already national political parties increasingly resemble coalitions of shifting interest groups. The newly formed alliance est groups. The newly formed alliance of opposition parties, the National Front, is explicitly this — bringing together regional movements, farmers' lobbies, socialists and Marxists in a party that has difficulty in defining a common platform and which could could be the market by the market easily tie up with Hindn communalist

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er.

Congress is also increasingly an umbrella organisation embracing divergent interests. Thus defections between one main party and another become possible, with the prospect that if either has a slim majority after the election a coalition government.

could come to power.

In such circumstances, the presaures eroding the Nehru-style of administration will continue to grow. Central governments will be under regions and the private sector. It is hard to see how the next Prime Minis-ter — whether Mr Gandhi or somebody else - will regain the grip over the administration or the party appa-ratus that Mrs Gandhi once had. An ratus that Mrs Gandhi once had. An important element for the future ts that the changes do not necessarily mean that economic growth will suffer. The economy has developed a momentum of its own that could survive weak leadership. Indian businessmen are remarkably indifferent to what they see as the theatricals in New Delhi.

A Royal slip in deed

■ The Royal Insurance group scored an impressive hat trick in the Minorco-Consolidated Gold Fields match: hy changing its mind about accepting Minorco's offer for Consolidated Gold Fields, Royal - the eleventh largest institutional shareholder · managed to have both companies and the UK Takeover Panel all seething

The Royal's investment man-ager. Michael Kershaw, had hravely told the Financial Times that his group would be accepting Minorco's offer. His statement appeared in hlack and pink on Wednesday as the hid was in its final hours.

According to Geoffrey Kellett, the Royal's general manager, both Sir John Cuckney, the chairman, who was on his way to the US, and Alan Horstord the ground which constitutions are the control of the ground size of the control of the ground size of the ground s ford, the group chief executive read the report. This led to the last minute decision to attempt to withdraw the accep-tance out too late. The 1pm deadline was looming fast. Kellett said the Takeover Panel would not allow a telephone call or a facsimile message to be used. There were no pigeons to hand. "We explored other possibilities but the Panel would oot change its mind. Then there was not time to send the paper work. So the Royal's shares were counted

in Minorco's favour. The Takeover Panel sniffed that the Royal should have been fully aware of the clearly-defined procedures for accepting hids and withdraw ing acceptances. Gerry Grimstone, of J Henry Schroder Wagg, advisers to Gold Fields, was furious. It was disgraceful, he said, for the Royal to tell the world it would accept the bid, possibly encouraging other institutions to follow suit, and then change its mind. However, he cannot pretend to be unused to hand-wringing indecision; as one of the hrightest and best fast-trackers at the

Observer



"This looks like a good place to huild nuclear power sta-

Treasury, he had special responsibility for the early days of privatisation policy, during which two regular min-isterial utterances were "Er" and "Um." Minorco wondered aloud whether the City's notorious "Old-Boy network" had been at work to change

Poleaxed

■ City of London and Whitehall rumour merchants are working overtime oo the future of one of the most powerful and well connected men in the land. Charles Powell (pronounced "Pole" for reasons inexplicable) is leaving Mrs Margaret Thatcher's side after five years as one of her two most trusted aides and confidants, the other being her press secretary, Bernard Ingham (pronounced "Diffi-

Powell, the foreign affairs private secretary, is 47 and will go before the year end. Few Cabinet ministers have been to more Thatcher Cabinet

meetings; probably nobody carries as many Thatcher secrets as he does. She adores him; the feeling is entirely mutual. Which cannot be said for most of his bosses at the for most of his bosses at the Foreign and Commonwealth and Office, perhaps the Prime Minister's least favourite Whitehall department. He's gone "native", they say. So what next? "When does Ulan Bator come free?" is the (partial) jest of one former colleggue. More seriously, the league. More seriously, the Madrid Emhassy remains his if he still wants it. But his links to the very highest corri-dors of power make him attrac tive to financial institutions

 where senior salaries have a few more zeros attached than those for ambassadors. I understand negotiations are at a very advanced stage in the Clty and, although it would neatly combine both interests, I think they are not with the Banco Bilbao-Vizcaya.

One suite more...

The Hampshire, described as London'a newest five-star hotel, has just opened its doors in Leicester Square following the £15m renovation and refurhishment of a handsome building that was formerly the Royal Dental Hospital. All up, the Hampshire has cost £25m and hrings to seven the number of central London establishmeots owned and operated by Edwardian Hotels, which says it is London's largest privately-owned hotel group.

Edwardian Hotels is a cleverly thought-out operation.

It says that its forte is buying architecturally interesting properties and converting them into "exquisitely stylish" hotels. As a result, it claims, it is able to recapture the "inimitable grandeur for which the Edwardian era is renowned," which is why its guests aren't confronted with glass tower blocks or run-down

mausoleums.
The Hampshire is certainly plush and jolly, as we discovered when we called round for tea. The scones are served with real Cornish cream and three types of jam, all of it homemade by chef Colin Button, 32, who once worked in the kitchens at Buckingham

The new hotel has 124 bedrooms. The starting price of
a double room for single occupancy is £149 a night. After
that, prices rise swiftly to a
top of £450 for a luxury twobedroom suite.

But the question is this: does London need yet another pricey hotel? Isn't its reputation as one of the costllest hotel cities in the world bad enough without adding yet another posh pile whose prices are way beyond the average

...or less... Best rumour of the day,

totally unconfirmed; the Dor-chester Hotel, one of London's and indeed the world's grandest hotels is closed for a 12-month \$72m refit not so that it can reopen as a yet grander and more glorious version of its former self hut so that it can be turned into the London homa of its owner, the Sultan of Brunei, the world's richest man, who bought it in 1985 for £43m and who happened to be in London yesterday when he called privately on Mrs Thatcher.

...for tea

■ Anti-Apartheid Enterprises does good husiness marketing goods from Africa'a six front-line states - Angola, Botswana, Mozambique, Tanzania, Zam-hia and Zimbabwe. But it is stretching solidarity, not to mention geography and credu-lity, with Frontine Tea Bags, a blend from Mozambique (60 per cent), Tanzania (20 per cent) and Vietnam (20 per

Robin Pauley

EVENTY-NINE POUNDS.99 I KEPT THINKING AS I SWAM PAST THE ACROPOLIS AGAIN.

I always stay at the Marriott when I come to Athens on business. "So why," I thought as I splashed past the rooftop bar, "have I never asked about Corporate Rates before now?"

I suppose, when a hotel is this handy for the airport and city centre, you become

You just enjoy the meze and forget you can get all this for £79* Which reminds me. I'd better swim past the Acropolis once more to work that

a little blasé.

lunch off.



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POLITICS TODAY

Where this greenery is leading

By Joe Rogaly.

Thatcher's proclamations on the "greenhouse effect" is that she should prepare to abandon Thatcherism.

There is no alternative.
If Britain's Prime Minister is convinced by growing evidence that the survival of mankind is threatened by a constant outpouring of increasing volumes of carbon dioxide, she will have to change many Government policies. Most of the damage is done by hurning coal and other fossil fuels. You cannot seriously reduce the vol-ume of carbon dioxide puffed out hy power stations, cars, factories, office buildings and houses hy leaving it to the free market and the conscience of good citizens. You cannot rely on nuclear energy alone to make up the difference — even though, if the apocalypse is in truth the alternative,

nuclear power stations may become less unpopular than they are today. In short, you face a distinctly impleasing prospect. You have to roll the frontiers of the state forward a little bit, to encompass intervention, regulation, tax disincentives, subsidies and possibly, heaven help us,

This means, at best, the imposition of controls and, at worst, a reversal of the central economic assumption

The world's poor must either grow richer through the use of clean energy, or they must not grow rich

npon which Western democracy rests. Just where we are on the spectrum between "at best" and "at worst" depends largely on the degree of certainty that is conveyed by scientists on whether the danger really exists, if it does exist, what is its likely extent? Are we seriously looking to a 21st century in which floods wipe out constal lowleads while excessive heat coastal lowlands while excessive heat turns many of the world's food-grow-

The answer to this last question as conveyed to a seminar in Downing Street on Wednesday, is a tentative yes. The qualification "tentative" is of great importance. It makes the difference between taking some precautionary action over the next few years and pulling out all the stops at once. Thus the senior Cabinet ministers, civil servants, businessmen and others who attended the Prime Minister's seminar were able to leave in mid-afternoon with a sense of general agreement that while serious action must

he logic of Mrs Margaret be taken, the degree of moderation of Thatcher's proclamations on Thatcherism that is necessary is, shall we say, slight. This, perhaps, is why the package promoted in brief-ings hy No 10 Downing Street at the end of the day ("wait and see is oot an

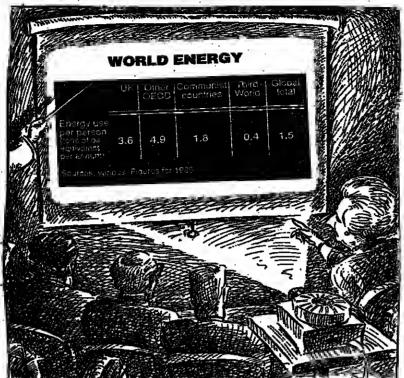
end of the day ("wait and see is oot an option") comes across as a public relations stitch-up, with the pro-nuclear lohhy receiving the benefit of the finest embroidery.

The Prime Minister berself appears to be convinced that there is a greenhouse effect, and that precautionary steps must be taken now. When you think of where she is coming from think of where she is coming from, this is considerably to her credit. It is fortunate for her that the degree of certainty about the key issues is still regarded by some British scientists, and many officials, as insufficient to justify anything so drastic as a slow-down in economic growth.

The first, scene-setting, speaker at her seminar was Professor Tom Wigley, director of the Climatic Research Unit at the University of East Anglia. He is an eminent scientist who knows He is an eminent scientist who knows that the concentration of greenhouses gases is increasing. Cool-headed, British-style computer projections suggest that this will lead to a rise in average global temperatures of between 1½ and 4½ degrees Centigrade by the middle of the next century — that, indeed, the process has already begun. It is prudent to assume that these are broadly correct. The consethese are broadly correct. The conse-quence of such a warming could be the aforementioned killer floods and destruction of the world's breadhas kets. No scientist can demonstrate that these nightmares will come true, that these mightmares will come true, at least not with the rigour required in a research laboratory. There are vestigial doubts. A colleague remembers hearing Prof Wigley remark that he bopes to live long enough to see if he is right; he is in his late 40s.

Yet like an increasing number of respected scientists, Prof Wigley insigts that there is a genuine threat

respected scientists, Prof. Wigley insists that there is a genuine threat that must be tackled. Many are more pessimistic than the British scientific establishment tends to be. The US Environmental Protection Agency (EPA), in its draft report to Congress, postulates a global warming of 5% degrees or more, with a consequential magnification in the size of antici-pated catastrophes. "They are over the top," says one of the participants in the Downing Street seminar. Others think differently. The call hy a recent maeting of scientists in Toronto for a cut in world emissions of CO by a fifth by the year 2000 and by half by the year 2050 is thought hy officials at the German environment ministry to be insufficiently destice ministry to be insufficiently drastic. Bonn is arranging a December meeting of civil servants from the environ-



states, plus others, at which the hope will be to agree more severe targets. That would set the scene for a ministerial meeting on energy-related emissions in Bergen in May 1990. Once again, the EC may seek to outpace the British Government, which will be under pressure to put its money where its mouth is.

Tha likely focus is also plain. Wednesday's seminar was shown a chart ascribing more than half the expected future global warming effect to CO; the next largest category of hlame is those famous chlorofluoro-carbons that were the subject of an earlier Thatcher spectacular - on the

earlier Thatcher spectacular — on the ozone layer — and whose eventual abolition can be predicted.

It is, therefore, CO npon which we must concentrate. This was the task of the second speaker at the seminar, Dr Ken Currie, Head of the Energy Technology Support Unit, based at Harwell. Dr Currie is not only a distinguished nuclear physicist; he is also an experienced marketing man. also an experienced marketing man. His colour slides, with lots of blobs and squares and options, surely dazzled the assembled ministers. What they basically said was that if you want to cut UK emissions of CO in both but the west 2000 they 40 per court half by the year 2020, then 40 per cent of the job might be done by promotion

of energy efficiency and about 23 per cent of it hy using nuclear power. Next comes the use of alternative fossil fuels, like gas, at 15 per cent. Other possibilities, like reforestation, hurn-ing waste products, cleaning power station smoke, and using wind and wave power, are given much lower scores. These weightings are not unlike those suggested by the EPA, although it is overall more ambitious and makes hold proposals about things such as reducing motor car speed levels to 40 miles an hour and cutting down the amount of heat each home uses. The flaw in the Currie presentation is that it had to be based on two restrictive assumptions. The first is that existing political attitudes stay in place; that is, little or no regulation. The second is that the British economy will grow at an average 2.5 per cent a year. Thus his estimates of the political hurdles facing particular proposals (high for energy efficiency, higher for nuclear energy) are based on the perfectly proper premise that it is not for a scientist to meddle in these matters. As to growth - only an elected government could deliberately change gear downwards, and only if faced with a visible crisis.

All of the above is put in perspec-

tive by a slide showing the use of

energy per head of population in the rich countries as against the poor. On this measure, every Briton seeds nine times as much CO into the atmosphere as does every citizen of an average third world country. Since there are 2.7bn people in the third world as against 57m in the UK any slight increase in their per capita energy use is likely to wipe out all the good done by the Downing Street pre-scriptions. As the Energy Secretary, Mr Cecil Parkinsoo, told the Prime Minister, China plans an increase in energy production over the next 30 years that exceeds the entire UK output 10 times over, or thereabouts. There is no way out of this: the world's poor must either grow richer through the use of clean energy, or they must oot grow rich.

Either way, the trick can only be

dooe through interestional debate, persuasion, and pressure. The EPA proposes, among other things, "carbon emission fees" of 20 per cent oc coal, 11 per cent on oil and 7 per cent on natural gas, to discourage the use of fossil fuels and promote the use of substitutes. Mrs Thatcher's amhition is to lead the world into a grand dehate on a planet-wide programme to reach agreed targets by agreed meth-ods. This is not the place in which to assess the seriousness of such an inflated view of Britain's importance; what is clear is thet its standing, and thet of its Prime Minister, will depend upon the degree to which the British Government shows a willingness to take action in the UK.

l am not talking about the kind of pointless unilateral gesture against which Mr Parkinson has warned. He is in no danger of making any gesture himself. Nothing he has heard this week will make him change the electricity privatisation hill now going through the Lords. He does accept the idea of energy efficiency, which saves costs, but the bill's purpose is to produce saleable companies whose over-riding motive will be to sell as much electricity as possible. No, 1 am talking about the British Government going into negotiations in a mood of preparedness to make matching sacrifices if the other parties to the debate will do so. The terms of electricity generation licences could be varied by a future Government in order to meet the UK side of any such bargain. But global deliberations are likely to be a long drawn-oot process, especially as they will be conducted mainly through the cumbersome mechanism of United Nations agencies. Look forward to the next election and the odds are that when it comes to the green-bouse effect Mrs Thatcher will discover that she cannot have global leadership and Thatcherism too.

LOMBARD

Pornography under fire

By Michael Prowse

NOBODY HAS ever put the case against censorship better than the prosecuting counsel in the 1961 obscenity trial in the 1991 obscenty trial involving D. H. Lawrence's novel Lady Chatterley's Lover. Turning to the jury, he asked: "Is it a book that you would even wish your wife or your servants to read?"

The 1990s and 1970s with

The 1960s sod 1970s witnessed a sustained revolt against this kind of paternalism. Many younger people argued that there should be no limite on the arguidate of conlimits on the activities of consenting adults and no state censorship of any description. In some ways, liberal views about sexual hehaviour and pornography have gained strength in the 1980s. A magazine such as City Limits, for example, routinely carries per-sonal ads with strong sado-masochistic overtones. Such ads were once the preserve of specialist publications. Yet there are also signs of

growing illiberallty. Social Trends notes a trend towards a more censorious stance on personal/sexual matters, it quotes snrvey evidence suggesting that 74 per cent of people think homosexual relationships are always or mostly wrong, com-pared with only 62 per ceot in 1983. The proportion favouring an outright ban on porno-graphic magazines and films has risen from 33 per cent to 38 per cent; the proportion pre-pared to allow them in "special adult shops" has fallen from 52 per cent to 42 per cent.

Stern right-wing moralists are far from isolated in their attacks on pornography. Ms Catherine Itzin, of the newlyformed Campaign against Por-nography and Censorship (CPC), argues that pornogra-phy "reinforces women's unequal status by presenting women as sexual objects for men's titillation and gratification". The CPC supports free expression and opposes all forms of censorship. But it argues that freedom to manu-facture and distribute pornograpby should no more be allowed than freedom to murder, steal or incite racial hatred. It wants legislation enacted along the lines of the

1976 Race Relations Act.
The CPC is wrong to see the problem solely in terms of the abuse of women by men. Some

pornography involves only men, and some depicts the degradation of men by women. But it is right to focus atten-But it is right to focus atten-tion oo the possible harm caused by magazines which are readily available in many high street newsagents, Does mate-rial which depicts womeo as enjoying violation and violence alter the hehaviour of some more likely? more likely?

A decade ago, the Committee

on Obscenity and Censorship chaired by Bernard Williams, the moral philosopher, took a sanguine line. What people do, it said, is more affected hy their existing habits and val-ues than by exposure to por-ography. The report unhesitatingly rejected "the suggestion that the available statistical information for England and Wales lends any support at all to the argument that pornography acts as a stimulus to the commission of sexual violence."

Recent research to several countries, however, suggests the Williams Committee may have underplayed the dangers. Mr Maurice Yaffe, a clinical psychologist at Guy's Hospital, points out that US researchers have found positive correlations between rape rates and sales of sex-oriented maga-zines. US studies also suggest that male subjects exposed to violent sexually explicit material perceive a rape victim as less injured and more responsible for ber assault, view a rap-ist as less responsible for his actions, and act with increased aggression toward a female target than control subjects.

The worth of all such studies can be challenged. Correlations do not establish causation. Laboratory experiments do not tell us how people behave in the real world. Libertarians, however, must accept that the onus of proof is gradually being shifted. People who argue that sexually violent material can influence behavlour may still be in a minority. But they are no longer being laughed at. The Government is likely to come under increasing pressure to restrict the freedom of the pornographers. 10 years ago I would have been spouting John Stuart Mill. Today I am not sure which side of the fence to stand on.

LETTERS

ment departments of EC member

'Pax Syriana' need not be the imperative

From Mr Andrew Neyman.
Sir, Your leading article,
"Syria's role in Lehanon" (April 20) is so mean-spirited that one wonders for whose

benefit it was published. Reawakening our natural sympathy for the people caught in the current shelling in and around Beirut, you offer us "hard facts which govern-ments need to keep in mind poodering their response to President Mitterand's appeal."

Your summary of these facts is selective, as mine would be though my choice of facts to propose would he different. The conclusions you draw from your own choice of facts, and the ideas you offer us, are

inexcusably wrong-headed.
You may be right when you say that Mr Michel Aoun does not speak for all Lebanese; that the French President is mistaken in his particular inter-vention; that the other Middle Eastern countries are guilty of using Lebanon as the theatre for their proxy wars. But why do these considerations lead you to "the conclusion that some Western powers reached some time ago," that peace will be some form of par Syriana? If Syria has shown absolutely no sign of reconsidering its military presence in the Lebanon, does that make its

Welcome invader

presence legitimate? Will Syria's imposition of a settle-ment on its own terms be therefore just? Will the fact of forceful domination give the proposed Syrian settlement

egitimacy? If your pragmatism leads you to answer yes in each case, this raises the question of whether you believe that such a settlement can be maintained except by continued exercise of external force of arms. And if you believe that it can, one wonders if you have learnt anything from India, Cyprus, Vietnam, Afghanistan, or even Northern Ireland.

The Western powers are portrayed by you as impotent in this case; yet you assign them the role of urging Syria to exer-cise restraint. The very idea is

The impotence of Western powers in this case arises not from physical powerlessness, but from the lack of any moral principle in the thinking you are happy to broadcast in your leader column. If the sover-eignty and independence of the Lebanese people can be so entirely overlooked in your deliberations, how does your leading article advance their

From Mr Antoine Bassila Sir, Why should we criticise France, as your leading article "Syria's role in Lehanon" (April 20) clearly does, for hav-ing been the only non-Middle Eastern power which has tried

and is still trying to help?
France should he quite proud of what she has done so far; as Mr Rocard, the French Prime Minister said on television (April 20). France was not driven by any domestic pressure, but by 67 years of friend-ship and special relations with Lebanon - since 1922, when France helped create the Lebanon as a separate state (from Syria) where Christians and Moslems could live in harmony together. Indeed, France was responsible for independent Lebanon's borders, and has been ever since – at least implicitly – the guarantor of Lebanon'a integrity, sovereignty and independence. But in any case, who can criticise a humanitarian action, wherever it originates, in the face of such enormous destruction and

Major General Aoun is not seeking to topple President Assad or anyone else; he is merely speaking out for his country's independence - that is, from foreign occupation, something no other Lebanese

leader has been able (or dared) to do. Can we blame him for wanting to free his country from foreign occupation, whether by Syria or, for that matter, Israel?

Yon seem to forget that Syria has never formally recog-nised an independent Lebanon, and has persistently refused to exchange amhassadors with Lebanon or open a consulate in Beirut. The presence of Syrian troops on Lehanese soil can only prolong tha present de facto partition of Lehanon; thus Assad will never be able to bring the factions together contrary to what your

Yon qualify Assad's bandling of Lebanon as "inept," and "at times" destructive. It would have sufficed to say that his policy in Lehanon has been

Why does peace in Lebanor have to be a pax syriama? An overwhelming majority of the Lebanese themselves do not wish that.

No civilised nation can stand idly by, and watch the slow annihilation of an entire people and a country by force. I am certain you will agree. Antoine Bassila, 84 Boulevard Malesherbes,

75008 Paris.

Judgment reserved

From Mr Michael Varcoe-Cocks. Sir, On April 13 you reported that Lonrho had told the House of Lords that "some months ago it had given instructions that all judges' names should be removed from

Bnt, irrespective of their Lordships' eventual decision on the contempt issue, I wonder why any company would have jpdges on its mailing list. Any company that does - for whatever reason - would be well advised to review its pol-

icy. Michael D. Varcoe-Cocks, 17a Nevern Mansions Warwick Road, SW5

Green grow the nitrates

From Mr Denis Hardwick.
Sir, The FT survey, "Industry and the Environment"
(April 21) refers to the emotionally charged debate which left the chemical industry confused and defending

and defensive.

The fertiliser industry finds itself defensive because of inaccurate reporting. Your reference to "over-zealous promo-tion" ignores the efforts that the industry has made, over the last 10 years, to reduce the autumn application of nitrogen

industry, in lower sales. However, nitrate applied correctly does not "reach water and food sources." Green vege-

Denis Hardwick, The Fertiliser Manufacturers



Rotherham. Conveniently Located at the Centre of the World.

Ir is in the modest nature of Yorkshire folk to believe that the world revolves around them.

Conclusive evidence of this fact was provided by Rothmans (UK) Ltd, who chose Rotherham as the best place to store and distribute raw materials and cigarettes for much of the world.

(Everything, that is, apart from tobacco which, for some inexplicable reason, chooses nor to grow in Yorkshire.)

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You could hardly be better placed, could you?



From Mr Henry Bear. Sir, Now that Mr Stewart Pearson (Letters, April 20) has let the cat ont of the bag - the possible invasion of the UK by Minitel, the French electronic telephone directory system - I can confirm that the landing will probably be near Hastings. Unlike the invasion of 1066,

Less than careful From Ms Angela Phillips. Sir, According to your report (April 12), the British Government intends to tighten up the registration and enforcement of standards for day nurseries.

So far, no such amendments have been drafted, and we are very concerned that the time-table, and therefore the opportunity for discussing the proposals, will be so short.

childminders and play groups

in the UK.

not conqueror — and the land-ing will be followed by a drive up the A21 to establish a for-ward headquarters in the Tun-bridge Wells area (where Brif-ish Telecom has not issued an area directory since November area directory since November 1987). Henry Bear, Clare Cottage

ticularly worried about the implications of voluntary registration. We do not believe that there can be any improvement in either the regulation or the availability of child care facilities without substantial extra ties without substantial extra Significantly, extra money does not figure in the Government's five point plan.
Angela Phillips.
Child Care Now, Wesley House, 4 Wild Court WC2

its mailing list." Now you report (April 21) the Law Lords' decision to summon Lonrho's chief offi-

(not nitrate) fertiliser.

This has already shown a becefit in lower nitrate in water, but a disbenefit to the

tables have always contained nitrate - a natural, essential

FINANCIAL TIMES

Friday April 28 1989

communidata **EFFECTIVE** HI-TECH PR Tel (0990) 27111

Syria backs Arab League call for ceasefire in Beirut

By Jihan el-Tahri in Tunis and Lara Martowe in Beirut

THE ARAB League yesterday made important progress towards ending the recent heavy artillery duels between rival forces in Beirut when Syria welcomed a call for an immediate ceasefire from the League's Council of Ministers.

The call for a ceasefire from noon local time today, issued by Arah Foreign Ministers meeting in emergency session at the League's neadquarters, was accompanied by an agree ment to send a team of Arab observers to monitor lt.

The agreement met with a

sceptical response in Christian East Beirut, where Gen Michel Aoun, the Christian army com-mander and one of the country's two rival Prime Ministers, has been waging a costly cam-paign to eject the 30,000 Syrian troops now on Lebanese soil. Gen Aoun's office said his three-man military cahinet would respond after being offi-cially informed of the League's decision, but an aide implicitly accused other Arab states of making the agreement under

Syrian pressure. But Mr Farong al-Sharaa,

the Syrian Foreign Minister, said in Tunis that his country welcomed the ceasefire agree-ment, as did Mr Selim al-Hoss, the Syrian-backed Moslem Prime Minister in West Beirut.

"We support the decision issued by the Arab League For-eign Ministers," said Mr al-Hoss. "What we have learned so far of the contents of the foreign ministers' decision brings good news."
Heavy shelling between Christian forces under Gen Aoun on the one hand and Syria and its Moslem militia

allies on the other has left nearly 300 people dead since To end the fighting, the Arab

League – with the support of the five permanent members of the UN Security Council – is calling for the lifting of all transport blockades in Lebanon under the supervision of the observer the supervision of

the observer force.

This force, probably consisting of 12 senior officers and 300 junior officers, is to be dis-patched for an initial three

It was a blockade imposed on Moslem militia ports south of Beirut by Gen Michel Aoun, the Christian army commander and one of Lebanon's two rival Prime Ministers, that sparked off the latest bloodshed in Lebanon's 14-year civil war. Syria and its Moslem allies

have been insisting that Gen Aoun lift the naval blockade as a condition for a truce. The Christian leader will now precumstant leater win now inte-sumably come under intense pressure to do so. Editorial Comment, Page 22; Letters, Page 23

Brussels to rethink telecoms

THE European Commission is to reconsider wide-ranging plans to liberalise the provi-

Its rethink comes in response to near unanimous condemnation yesterday by a meeting of Community tele-communications ministers of an attempt by Brussels to uni-

Treaty to help the Commission attack public monopolies, or whether to start again with the normal procedures, said e senior official

Yesterday's meeting puts Brussels under severe pressure to back down. Yet full consultations with EC governments would create long delays because a substantial blocking alliance of six member states

make no national changes to comply with the services direc-tive, West Germany, Denmark and the Netherlands, all sup-port the Commission's liberal-ising intentions, unhappy as

ity that the use of Article 90

The scheme was due to be adopted by the Commission in mid-March. The directive, pro-posed by the last Commission late last year, would oblige national telecommunications authorities to open to free private competition the supply of data communications and value added services, such as data banks, electronic mail and

legislation By William Dawkins

tions services in the European Community.

laterally impose deregulation on the industry without going through the usual consulta-tions with EC governments. The 17-man Commission will

decide "very quickly" whether to stick to its controversial tac-tics, allowed under the EC Treaty to help the Commission

alliance of six member states

- led by France, Belgium,
Spain and Italy - has doubts
over the Brussels proposals,
Britain, which would have to

There was virtual unanim-

would be unacceptable," said Mr Jose Barrionuevo, the Spanish minister chairing the ses-

financial transfers - the small-est but fastest growing parts of

the industry.

A majority of the new Commission would rather take the normal ronte of having the scheme fully debated and endorsed by the European Par-liament and e qualified major-ity of member states.

New blow to **UK** output as oil plant isshutdown

By Steven Butler in London

BRITISH oil production, already cut severely hy a series of accidents in the North Sea, of accidents in the North Sea, has been put into further jeop-ardy by the closure of the St Fergus gas processing plant on the eastern coast of Scotland near Peterhead.

The plant, operated by Shell Exploration and Production, was closed late on Wednesday following the discovery of potentially serious equipment

There has already been a cnt in UK gas supplies of 7 per cent, or 16.4m cubic metres a day, as a result.

Shell said yesterday that crude oil production had not yet been directly affected by the closure. However, British Petroleum's Magnus field is thought unlikely to be able to continue its current production of about 150,000 barrels a day unless gas processing is quickly restored at the St Fergus facility.

The Department of Energy bas given temporary permission to BP to flare gas produced at the field, but this is thought unlikely to be allowed for more than a few days. Without permission to flare the gas, Magnus, which has no facilities to inject gas back into the reservoir, would be forced to reduce output by as much as 100,000 barrels a day.

Sbell yesterday was unable as to when the St Fergus plant would come back on stream. It said small cracks had been found in processing equipment used to remove liquids from the gas before delivery to Brit-isb Gas as dry methane. The facility had been receiv-

ing 21m cubic metres daily from 16 offshore platforms. Liguids from the plant were piped to the Mossmorran ethylene plant in Scotland, which will be forced to shut in a few days if supplies are not resumed.

Shell said inspectors had descended 80ft into the 250ft leg of the Cormorant Alpha platform, where a gas explosion last week shut the Brent Pipeline system, which carried 472,000 barrels a day. It said process pipelines appeared to be sound, but that heating and ventilation ducts and light fit-tings had been badly damaged. Commodities, Page 42

Canadian submarine plans to be scrapped in tough budget By David Owen in Ottawa

CANADA is scrapping plans to purchase a C\$8bn (\$6.7bn) fleet of nuclear powered subma-rines, ending a bitter contest between Britain and France to

design the craft.

The decision was announced late on Wednesday under extraordinary circumstances by Mr Michael Wilson, Finance Minister, as part of a tough budget package. An embarrassed Mr Wilson

was obliged to reveal details of his fifth hudget at a hastily convened press conference – a day earlier than scheduled – after a summary of his proposals had been leaked to elect the result of the scheduled of

local television network.

The leak prompted immediate opposition calls for Mr Wilson's resignation, and for the entire budget to be abandoned. The demands were rejected by Mr Brian Mulroney, Canada's Prime Minister, who said it would be "totally inappropri-ate" for his Finance Minister to stand down.

The decision to cancel the submarines is a blow for Britain's VSEL Consortium and Direction des Constructions Navales, the French ship-builder, which were competing to provide Ottawa with the design and technology.

Canada's plan to join the small club of nations operating nuclear submarines had always been controversial because of the expense and the

The decision to cancel the project results from the need to cut spending in the face of mounting Government debt. Mr Wilson had been under pressure to show Ottawe's intention to control the federal

nuclear proliferation which it

The planned budget contains a string of expenditure reduc-tion and revenue enhancement measures, worth more than C\$5hn in the current fiscal year, which starts on April 6, and about a further C39bn in fiscal year 1990-91. The cumulative impact of

the proposed tax increases and other revenue enhancement measures is put at C\$3.7bn in 1989-90 and C\$6.95bn in 1990-91.

Over the same period, expenditure restraints will yield savings of C\$1.5bn and C\$2.1bn respectively.

Even allowing for the mea

sures, both the federal budget deficit and the Government's accumulated debt are expected to continue to grow. Official forecasts show the deficit will rise to C\$30.5bn in 1989-90 from an estimated C\$28,9bn in the year just ended, before falling to C\$28bn in 1990-91. This will push the federal debt in 1990-91 to C\$380bn or 56.3 per cent of GDP, from C\$321bn in the year

just ended.

Principal details of the package were:

ployment insurance payments, from Jan 1 1990. A new tax of 0.175 per cent

on corporate capital in excess of C\$10m will be introduced. Total income surtax will be raised by 2 percentage points from July 1. Federal sales tax rates on all taxable goods will be raised by between 1 and 1½ percent-

• The Government will end

its financial support for unem-

age points.

The Federal sales tax itself will be replaced in Jan 1991 by a broad-based 9 per cent sales

 Taxes on tobacco and petrol The rate of growth of some transfer payments to provinces

 Fourteen military bases will be closed or scaled down. The sale of the Govern-ment's remaining 55 per cent cent stake in Air Canada will

be made a priority. Canadian markets responded with equanimity to the budget. At midday the Toronto Stock Exchange's benchmark TSE-300 Index was up about 19 at 3,597, after the New York market had reached a new post-crash high. The Canadian dol-lar, having slipped to 83.47 US cents in early trading, rallied to 83.82, buoyed by strong cen-tral bank intervention. Canadians torpedo UK subma-rine group.

Fed remarks spark US markets rally

By Janet Bueh in New York

US FINANCIAL markets rallied sbarply yesterday on remarks by US Federal Reserve officials that the central bank had stopped pushing interest rates higher because of signs that the economy is decelera-

On the stock market, the Dow Jones Industrial Average closed at a new post-October 1987 crash high, quoted 29.88 points higher at 2,418.99, out-stripping the previous postcrash peak last Friday of 2,409.46

The Treasury bond market, which had been drifting lower all week, jumped % points, tak-ing the yield on the benchmark Long Bond down to 8.89 per cent, its lowest level since

early February.

The comments were published in The New York Times

yesterday morning. The newspaper quoted Mr Robert Boy-kin, president of the Federal Reserve Bank of Dallas and a known inflation hawk, as saying that the Fed needed to

observe and see how things are coming out. Mr Wayne Angell, Fed Gov-ernor, said that he did not think it was a good idea to make too many moves on interest rates in one direction without waiting to see the

results.

The sharp buying came despite the fact that financial markets already believed that Fed policy was on hold given evidence that the economy was slowing. A positive mood had developed recently in the markets because of hopes that the Fed might even start allowing interest rates to fall, hnt there

was no hint in the remarks by Fed officials that the central bank was about to ease monetary policy.

Markets were, to e lessar

extent, reacting to other fac-tors which were interpreted in a positive light. US personal income and expenditure fig-ures published yesterday pro-vided some more evidence of weakening economic activity with spending rising only 0.2 per cent in March, about half of what had been expected. The dollar held steady and

closed at Y132.15 and DM1.8770. another positive factor for stocks and bonds. The US cur-rency has been supported all year by the prospect of higher interest rates and might have been expected to weaken after yesterday's message from the Fed.

dent George Bush.

But his speech had a great
deal more about welfare than
wealth creation, and was privetely praised by many Social

income groups more than higher; and thet higher income savers will also benefit most from the much-trailed abolition of the Withholding

defending German interests against Mrs Thatcher, and his ciaim that the EC Open Mar-ket helps rather than hinders German reunification, there was little for the patriotic

were clearly targeted. It was confirmed that young men will not have their military service extended from 15 to 18 months, and women will bene-fit from both the family benefit changes and the stress on Younger voters may also

have been impressed by the strongly Green colouring of the whole speech. The environ-ment, Mr Kohl said, was one of the three key themes for the 1990's. The other two being n new Europe looking East as well as West, and the family. On the economy and employment Mr Kohl announced a DM1.5bn (\$793m) fund to sub-sidise employers to hire from

memployed.

Despite the expected reduction in unemployment below the 2m mark this month the poration tax and the revision of a controversial tax on the

sale of companies.
The abolition of withholding It certainly leaves German

investment income tax looking illogical. There is a long-standing withholding tax on share dividends but before the introduction of the (soon to be abol-ished) new withholding tax on interest income, about 70 per cent of taxpayers failed to declare their interest income. But investment taxes aside this was a programme for the

little man. A programme with a Grand Coalition look about it, which may have explained Mr Kohl's party-political parti-sanship. The clever politics behind the programme cannot, however, hide the figure of Mr Kohl himself, who seems to have become his own Government's greatest liability.

ICI's alarming success

The first quarter figures from ICI are splendid news for the company, but perhaps a little ambiguous for the market overall. In one sense, they are consistent with a measured slowdown. Group volume for the quarter was the first cart the quarter was up 4 per cent, compared with 6 per cent for last year as e whole, and demand in the UK was a little softer than in Continental Europe. The problem may rather be one of inflation. The combination of demand pres-sure and capacity shortage means that ICI's petrochemicals prices, for instance, are still more than keeping pace with the rise in the oil price, and margins continue to widen. The implications for wage inflation – ICI is now entering its annual pay round

 are not encouraging.
 Yesterday's stock market reaction was correspondingly grudging. The 3 per cant rise in the price, to 1,232p, was only half as much as the increase in most analysts' full year fore-casts. The resulting multiple of 8.5 puts ICI's discount to the market around the middle of its range over the past year, at its range over the past year, at e little over 20 per cent.

The group will have long since atopped asking itself what it has to do to please the market; but to the extent that investors think the 1987 crash heralded some kind of slump, they will not re-rate ICI sither.

heralded some kind of slump, they will not re-rate ICI either until the slump has started, or until it is clear that it is not coming after all. With ICI's second quarter still going strongly, the odds might seem on the latter. But for those determined to be cussed about the sector, there is always the specire of industry overcapacity by 1990 as an excuse for doing nothing.

Withholding tax

West Germany's amateurish about turn on withholding tax reduces almost to nothing the chance of Brussels imposing a single withholding tax across Europe. While Chancellor Kohl still talks like a good European on the subject, the line from his new finance minister — who yesterday warned that implementation of the Brussels cheme is a long way off - is rather different. The subtext is that Germany would now like to join the dissenters, but as it cannot do that openly, it may instead ensure that the UK and Luxembourg are not cajoled

into dropping their vetoes.

Meanwhile, the whole episode has not helped the domestic markets much. If the aim.

Wellcome Share price relative to the 1986 87 . 88 89

was to do something for the currency and to take the pressure off interest rates, it is not working. Since the hint two weeks ago that the tax might go, the D-Mark has actually fallen, despite a cabinet reshutfaiten, despute a cannet restur-fle designed to restore confi-dence and a half point rise in interest rates in the interim. Neither could it be argued that the favourable reaction is yet to come markets have e habit of responding in advance, and the 65 basis points fall in domestic yields relative to Eurobond yields in the last few days compensates exactly for the lifting of the tax.

Apart from altering the spreads between the Euro and domestic markets, the main

domestic markets, the main thing gained has been to make everyone focus on the fundamentals, which are not particumentals, which are not particu-larly pleasing. With inflation still rising and the economy not yet at its peak, further rises in rates look likely. Con-ceivably, the average German voter is pleased to see the end of withholding tax; but to the international investor, the whole thing confirms doubts about German economic man-

Wellcome

The sharp drop in the Wellone share price yesterday, in response to a 35 per cent the in interim profits, is a reminder that this is one of the most irrationally priced shares in the FT-SE index. There was some suggestion in the fluores of slower growth for Retrovir, apparently because of a prejudice against the drug by AIDS patients themselves. But much may depend on whether the drug is cleared for use among asymptomatic carriers of the virus; and neither the market nor the company can assess the likelihood of that happening, nor what would happen to

The anti-viral drugs apart, it seems that the rest of Wellcome's drug portfolio is becoming a little long in the tooth,

40.4

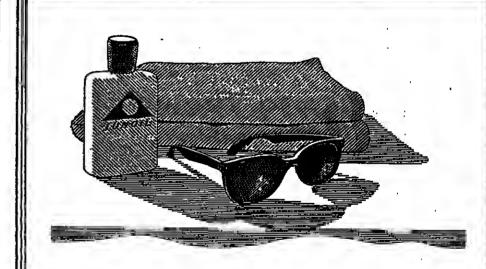
come s drug portunts is eccuring a little long in the tooth,
with sales growth coming virtually to a halt. Perhaps for
that reason, the company is
now keen to draw attention to
its new drugs in development.
And indeed, the range is
extraordinary: treatments for
cancer, cardiac arrest, depression, malaria, epilepsy,
asthma, scables and so forth.
But with the shares still on
around 25 times this year's
likely earnings – twice the
London market average –
none of that is enough to supplant Retrovir as the focus of
investors' attention. For them,
the next big happening is the
annual AIDS conference in
Montreal in early June. Then
the shares can be counted on
to start jumping around again. to start jumping around again: and the reasons will be no bet-ter than yesterday's.

Redland

Rediand's shareholders must be among the very few in the market who look on the prospect of higher interest rates with a kind of perverse pleasure. With nearly half its profits coming from the UK, Redland obviously does not want to see the British economy mugged by the Chancellor any more than anyone else. But the commany could do with a hit of company could do with a bit of recognition from the market that it is wise to do the other half of its business overseas. And until the UK construction market stops growing so much faster than almost everywhere else, investors will remain hard to convince of the superior virtues of Redland'a cos-

mopolitan approach.

True, the slowdown in UK construction has now begun, construction has now begun, and that ought to mean an erosion in any domesticity premium for home-orientated
companies. Indeed, Redland is
predicting that its overseas
profits will grow more quickly
than UK profits in the current
year. But with UK construction
likely to expand by 3 or 4 per
cent this year, the incentive to
turn to Redland for overseas
exposure will not be overpowexposure will not be overpowering. With transport a political priority in Britain, infra-structure projects should help make up for troubles in the housing market. But that, too, may benefit others before it helps Redland. Over the past five months, Redland has regained 15 per cent of its value relative to the market; it is hard to argue for more.



As you sit by the pool at the Rabat Hyatt Regency, here are a few things we'll throw in.

Suntan oils and eye shades will be or jog gently through a eucalyptus forest. handed to you as you stretch out on a recliner before the outdoor pool at our resort hotel in Rabat.

We call it The Hyatt Touch. In Montreux, on the shores of Lake Geneva, we've installed an indoor ap pool and sauna.

Cold towels will be pressed on you to cool the brow. In Casablanca, a fully-Or you can amble through equipped gym with sauna the cool Andalusian gardens, and hamamm. Nice touch.

HYATT HOTELS & RESORTS

For reservations at any of 50 Hyatt International Hotels or 100 Hyatt Hotels in North America, call Hyan toll free, or your travel agent. Hotels in Europe, Africa and the Middle East:-BIRMINGHAM (opening mid-1990) - BUDAPEST - CASABLANCA - COLOGNE - DELHI - DUBAI GIZAN · JEDDAH · LONDON · MONTREUX · RABAT · RIYADH · YANBU.

Peking students march Continued from Page 1 A 20-year old student block, the demonstration

explained how he was prepared to die for today's "movement" as he called it, and by 9am, Peking's security forces, and even the bravest snowed a

with a sea of quiet faces lining the eampus square, it seemed he was not alone in his com-mitment. With faculty flags fluttering in the breeze and patriolic slogans in the air, no one seemed to doubt that the coming hours would form part of Chinese history. These young men and women expecled to take on the might of

touch of anxiety. At that stage they did not know that the capital would welcome them as heroes, a welcome which gave the event a tinge of "people power". It is about 20km from Peking University to the symbolic beart of Chinese rule, Tiananmen Square, and after just one acquired the momentum of a

victory march. In China symbolism is all. and it was clear to the bundreds of thousands lining the route that the march symbol-ised a loss of "face" for the party leaders. Wave after wave of token police opposition was forced aside.

The police were sympathetic

to the students and even smiled when the marchers chanted "Get out of the way", and "Please love the people" Workers along the route sbouted support
It was more than seven
hours before the procession
reached its destination at Tiananmen Square, where Mao Tse-tung's portrait still over-looks the Monument to Revolutionary Martyrs. By then, it looked as if China had found a

new batch of heroes.

WORLD WEATHER

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Bonn bitterly rejects

accusations Continued from Page 1

have shown understanding of the domestic political constraints on Germany's ruling coalition. On domestic policy Mr Kohl confirmed that the controversial withholding tax on most forms of savings and investments would be abol-ished on July 1 this year. He held out the possibility of rein-troducing such a tax if agree-ment could he reached on European Community-wide harmonisation.

He also confirmed that the planned lengthening of military service would be shelved until 1992, and announced a series of measures to strengthen environmental protection and reduce the number of the long-term unemployed.

One unexpected tax revision announced yesterday may reduce the number of smaller German companies up for sale over the next few months. Mr Kohl said that the controversial abolition of the tax break on the sale of small and medium-sized companies, due to be introduced at the beginning of next year, would now be re-ex-amined.

Mr Hans-Jochen Vogel, leader of the opposition Social Democrats, derided the new domestic programme as a "panic reaction" but was far less critical of Mr Kohl in the security field. The new domestic programme was generally

Speech for the little man

Continued from Page 1 from the West Berlin Greens

Mr Kohl is aware that most of his recent reform pro-gramme has hurt lower

Apart from his emphasis on

Two other voter groups that the CDU/CSU has been losing-women and the under 30'spart-time job creation.

the ranks of the long-term

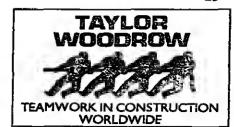
the 2m mark this month the number of long-term unemployed has been steadily growing and is now over 700,000. On taxes, Mr Kohl underlined that the three stage tax reform has cut tax levels by DM50bn with the biggest reduction of DM20bn still to come at the beginning of next year. He passed over the abolition of withholding tax-confirmed for July 1-2s quickly firmed for July 1-as quickly as possible, but mentioned two new features: a commission to investigate the reform of cor-

tax and revision of the com-pany sale tax makes the whole tax reform look even more friendly to the rich, according to the Social Democrats.



FINANCIAL TIMES COMPANIES & MARKETS

Friday April 28 1989



INSIDE

Unicer brings things to a head



Investors have awamped the Oporto bourse with orders for shares in Unicer, the first state-owned company to offer 49 per cent of its capital to the public. The semi-privetisation of Unicer, e brewing company, is part of a government plan to reduce public debt, which stands at 80 per cent of the country'e gress domestic product and was largely caused by the losses of companies nationalised in the 1975 revolution. The success of this week's

operation bodes well for the semi-privatisation of Banco Totta e Acores, scheduled for June, and of the Aliana Seguradore and Tranquilldade insurence companies, scheduled respec-tively for July end September. Page 27

A neglected subject comes out of hiding

Cleerance and eettlemant systeme in tha world's securities markets is hardly a topic to set the world afire. But a report on the auhiect by the Group of Thirty, the international think tank, may attrect more interest than would normally be expected. Its authors believe that the importance of aettlement, the hidden aspect of securities dealing, has finelly been recognised by people who heve deprived it of investment for years. Andrew Freeman reports, Page 30

Peugeot sets early pace



Paugeot, tha French motor group chaired by Jacques Calvet (left), finished well ehead of other car makers in tha first leg of this year's European stocks Grand Prix, racing ahead with a rise of 23.5 per cent in the opaning quarter. Tha French group, which has ahifted to e lower gear in the past few sessions

in line with the weaker French merket, had e powerful run, beeting not only fellow automo-hile etocks in Europe hut its own stock market. Hillery de Boetr looks et the roots of its auccess. Page 54

A shaking in the woods

Honduran forestry faces growing US and Latin Amarican competition in its traditional Carlbbean market, while the decline in pine stocks and surging domestic construction demand are squeezing export supply. Against this background, the industry is undergoing a big shake-up, writes David Pickles. Page 42

Breakfast-time success



Buoyant, revenues and controlled coats helped TV-sm, the ITV franchise vision, increase taxable profits by 48 per cent to £20.13m for the year to

the end of January, despite an increase in the exchequer levy from £8.5m to £12.9m. The profits were about £1m In excess of merket expectations and shares climbed 5p to 208p. Page 34

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Chief price changes yesterday 454.9 + 2.9 Cub Ned 434 + 14 Proport 1 236.3 + 6.2 Seroli 1801 - 28 Alcabi 2 272 - 5 Cublen 1 336.5 - 5 Sagen 1 TOKYO (Yen) Pilese

New York prices at 12.30.

279 + 303 + 681 + 495 + 295 + 378 + 457 958 272 328 1393 1232 573 465 568 186 682 427 963 London Und. Present Gerner Strange Plates Wellcome

Hapoalim makes \$490m provision

BANK HAPOALIM, Isreel's largest bank, said yesterday that it was making an unprecedented bad debt provision of Shk885m (\$490m) mainly to cover its buge exposure to Israel's bighly indebted Kihbutzim movement. The announcement was the

most dramatic evidence yet of the effect on the Israeli banking sector of the crisis which last year struck the Kibbntzim, Israel's unique agricultural and industrial co-operatives, and Koor Industries, the country's

Koor, like Bank Hapoalim, is

A new

Weill

bargain buy

Drexel's retail branches and three satellite offices, adding 500 salesmen to its existing force of 2,100 and 250,000 new accounts. It seems that Mr Weill, whose reputation rests on his opportun-

ism and talent at picking up valuable assets cheaply, was about the only hidder for Drezel's

army of brokers across the coun-

try, and PaineWebber were reported to have been interested

at one stage, but both are thought to have withdrawn after looking at the financial records.

Last week, Drexel had expressed the intention of selling its retail business as a single

entity but appears to have found

no company prepared to take a

the apparent reluctance of other bouses to take on more brokers

given notorious overcapacity in the retail sector since the Octo-ber 1987 stock market crash, he

may have repeated his special talent of buying e valuable set of

assets et a bargain basement

Smith Barney paid no cash for Drexel's offices, but will hand

over about \$4m for the furniture

For a minimal price, Smith Barney was able to pick and choose between Drexel's branch offices, taking only the highest-

producing outfits in geographic locations which maximised its

coverage of the high net worth

It evidently enjoyed the advan-

tage of a paucity of other inter-ested parties and e desire within

announce a deal as quickly as

Drexel's manegement

and equipment

individual market.

Enter Mr Well. Undeterred by

Merrill Lynch, with its huge

Janet Bush on

owned by the Histadrut labour federation.

The Government has stepped in to belp rescue both mainstays of the Israeli economy, but the damage to Bank Hapoalim, the higgest creditor in hoth cases.

was evident when it announced its 1989 results yesterday. The write-off, more than twice that made last year hy the bank, sent pre-tax profits (adjusted for inflation) spinning down to Shk5m from Shk412m in 1987. A heavy tax call left a net loss of Shk53m.

Putting a hrave face on the

results, the bank said its underly-ing performance was sufficiently buoyant to allow it to absorb the full hurden of its exposure to the Kibbntzim in one year.
It said that income before the

bad deht provisions and before tax wes up 6 per cent at

Hapoalim's total exposure to the Kihbutzim amounts to Shk4bo. It is writing off Shk570m on its own account and will bene-fit in line with its 57 per cent share of Kibbutzim debts from a Government rescue package agreed earlier this year, but yet

to be finalised.
This includes immediate relief

funds of Shk850m and a Shk3bn soft loan spread over 25 years to back e restructuring of the Kib-bntzim debts. More than Shk100m of the balance of provisions made by Hapoalim was for its exposure to Koor.

Mr Amiram Sivan, Hapoalim's chief executive, said he was con-fident that the write-offs had strengthened the bank and cleared the way to improve profitability this year.

He said operating expenses had barely increased in 1988, while

assets grew hy 3 per cent to Shk56.5bn. Loans to the public and depos its were both up more than 5 per cent at Shk24.4bn and Shk31.4hn

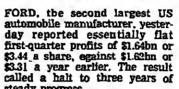
respectively.
Today, the country's second largest hank, Benk Leumi, reports its 1988 results.

Earlier this month tblrdranked Israel Discount Bank posted a 23 per cent fall in its pre-tax profits after heavy had deht provisions and proclaimed itself satisfied that it had limited

its exposure to the Kibhutzim and Koor. Ford profits stall at \$1.6bn as US

By James Buchan in New York

sales remain weak



steady progress.
Profits were held beck by e weak domestic motor market and lower earnings from financial services, though Ford's European operation continues to do well.

The result confirms the picture drawn earlier this week by Gen-eral Motors, which reported strong overseas markets but weakening demand from North American car buyers. The industry is trimming some ambitious production schedules and has announced a string of incentives to stimulate domestic demand.

Yesterday's result from Ford was the best that Wall Street had forecast for the company in the face of a doubtful home market. Ford stock rose modestly in morning trading, by % to \$48%.
"They're pretty strong results,"
said Mr David Healy, an automo-

tive analyst at Drexel Burnham Lambert in New York. In the automotive business, Ford's sales rose nearly 10 per cent to \$22.8bn. A strong perfor-mance in Europe and higher volumes and cost control in the

Asia-Pacific region caused overseas profits to rise 30 per cent to a record \$696m. But in the US, automotive profits fell \$47m to \$800m. Ford increased its car-market share by 1.6 percentage points to 23.4 per cent hut was saddled with higher

lower volumes. Earnings from financial services fell sharply, down \$99m from the 1998 first quarter to \$141m. The financial services

product and marketing costs and



Donald Petersen, chairman: spending remains a priority

business enjoyed higher financ-ing volume but lower interest margins caused a decline in prof-

In the quarter, Ford increased its capital spending by just over \$100m to \$1bn and cut its liquid-March, Ford had \$5.35hn in cash or liquid holdings, down from \$5.49bn at the end of last year.

Mr Donald Petersen, chairman, and Mr Harold Poling, vice-chair-man, said: "Investing in our automotive business, dividend payments and purchase of our own stock continue to be priority uses of our financial resources and the best means to improve the value of Ford stock for our shareholders. increased capital spending is consistent with our strategy to invest in our core business."

European disposal from **Chloride**

By Nikki Talt

CHLORIDE, the UK battery maker, yesterday fically announced the sale of Exide Ecrope, its troubled European

automotive battery business.

The huyer is a newly-formed UK company whose shareholders comprise PT Sapta, Porter Investments and Alan Patricof Associates, the venture capital

PT Sapta is the holding company for the Wanandi family, which controls a group of Indooesian companies — including interests in battery manufacture in the Far East and Australia.

Porter Investments Is a private vehicle for Mr John Porter.
Chloride says that when the deal is completed next meath it expects to realise about £15.7m (\$26.5m) for the loss-making business. However, the buyers will not be taking on the snhsidlary's borrowings.

Chloride's financial year ended last month and it bas not yet published its results. It declined to specify the current level of borrowings within Exide Europe, offering only the March 1988 fig-

ure of £17m as "a guide". It also refused to say what loss the Degenbam-hased husiness made in 1988-89. The loss before group charges in the previous 12 months was £2.5m.

At one stage last year, Chloride indicated that it boped Exide Europe would show its first profit for e decade in 1988-89. Instead, it announced earlier this month that there had earlier this month that there had been a setback in the second half of the financial year.

The price finally realised for Exide Europe is well below fig-nres of about £20m to £30m mooted by commentators when the sale was first heralded last

Earlier this month, Chloride said it was selling its European motive power business to the French Compagnie Generale d'Electricité for £55m. Although it will make a book loss on the Exide Europe disposal, this will be ontwelghed by the gain on the motive power deal.

At the same time, Chloride also announced the departure of its chief executive, Mr Kent Price, and said it would consider the final dividend when the preliminary figures, expected to be down on 1987-88, were

The group is left with three husiness divisions - industrial batteries, electronics and emergency lighting and its interna-tional hattery operations - with a combined annual turnover of about £250m.

deal for the big the Wall Street alchemist's latest R SANDY Well, chairman of Primerica, the US financial services group, was not exactly knocked over in the rush to snap up the retail brokerage offices put on the block by Drexel Burnham Lambert last week as part of a major restructuring. Smith Barney, Harris Upham, Primerica's brokerage subsidiary, announced earlier this week that it had agreed to take on 16 of

Sandy Weill: special talent for buying valuable assets cheaply

Dixon, analyst with Brean Murray, Foster Securities, points to the opportunistic nature of the deal and the fact that Mr Weill took advantage of a seller's pre-dicament, both hallmarks of his business style.

This is a very positive move. This is not distressed merchandise. Mr Weill has wound up paying little or nothing and is huying revenue with little expense attached."

Mr Dixon estimates that Mr Weill has bought perhaps \$150m of gross revenues with a high potential level of profitability. That represents about a 40 per cent increase in Smith Barney's gross revenues from its retail

Drexel's retail brokers have a reputation of echieving an annual volume well above the average for Wall Street with most of that coming from equity and fixed income sales and only 2 per cent related to junk bonds. Mr Dixon believes there is a good synergy between the two retail networks. Both have a high pro-

portion of wealthy clients. But Mr Weill's first task is to persuade Drexel's brokers to stay with the new company. He and Mr Frank Zarb, chairman and chief executive of Smith Barney, moved quickly on this front, bringing the office managers of the 15 hranches to New York for individual meetings on Monday.

hay offered those who agreed to stay for three years forgiveable loans equal to 25 to 30 per cent of the commissions they generated last

possible.

Drexel was clearly worried about the threat of investigations by state regulators following its Mr Zarb is confident that most will stay, noting that during the negotiations many Drexel employees expressed a preference for working for Smith Barney of recent settlement with the US Securities and Exchange Commission, in which it pleaded guilty to six counts of securities all the names that arose during the last week. frauds. The settlement did not preclude state investigations into The timing appears to be propi-tious, with some signs et last

Drexel.
Wall Street analysts who have tracked his career believe that the purchase of Drexel's offices is vintage Sandy Weill. Mr Steven

Smith Barnsy achieved net income of \$8m in the first quarter of this year, compared with \$3.9m in the first three months of 1988 es trading volume and public finance activity picked up. Mr Zarb points to a contrast

between Smith Barney and Wall Street houses with much larger retail operations. "If you have 30,000 brokers, is is easy to cut back by thousands. But we are small and there is a

far that you can't service your clients anymore," he said. "We have a capacity to proces far, more business than we have in these markets and we have just bought more volume without the overhead: that's good busi-

point at which overheads fall so

his week's move is just the latest in Mr Weill's event ful deal-making career The brokerage house he started with three partners in 1960 evolved, after 20 takeovers in 25 vears, into Shearson Lehman Brothers, the second largest Wall Street investment bank. He sold the company to American Express in 1981 for \$1bn.

His resignation from Amex in 1985 was followed by a period of relative obscurity, but he re-emerged in 1986 as head of Com-mercial Credit, the Baltimorehased company specialising in providing consumer finance to

He finally hought his way back to the cutting edge of Wall Street last August with the \$1.7bn take-over of Primerica, the financial services company built up by Mr Gerald Tsai, another veteran Wall Street dealmaker. Mr Tsai'e successful run had ended when Primerica bought Smith Barney for more than twice book value in June 1987, only to find itself having to absorb its new subsidiary's staggering arbitrage losses in the crash.

Wall Street is now eager to see whether Mr Weill can again prove his alchemist's skill and transform the two bargain retail

Siemens new business rises 16%

that individual investors are

becoming more active for the

By Andrew Fisher in Frankfurt

SIEMENS, the West German electrical and electronics group, recorded e 16 per cent rise to DM32hn (\$17bn) in first half new business, with the main impetus coming from the domestic mar-

Net profits in the six months ended March increased by 8 per cent to DM652m: in the same period of 1987-88; they fell by 9 per cent. Group turnover was np by 11 per cent to DM26.3bn. The new business trend in the latest period marks e contrast to the previous year, when business

weak, the group said. While new foreign orders in the six months were II per cent higher at nearly DMIShn, those from within West Germany

in the bome market was still

surged by 22 per cent to just over DM14hn. Slemens, involved with General Electric Corporation (GEC) of the UK in a bid for Plessey, said its best performing sectors were telecommunications and security systems and semicon-ductors. Since the half year was marked by a concentration of large orders, bowever, it expected

growth to weaken in the rest of the year. Foreign turnover showed a sharp rise of 17 per cent to DM15bn, partly because of the inclusion for the first time of Siemens-Bendix entomotive elec-tronics, combining the Siemens activities in this area with those of Bendix Electronics of the US, bought last summer.

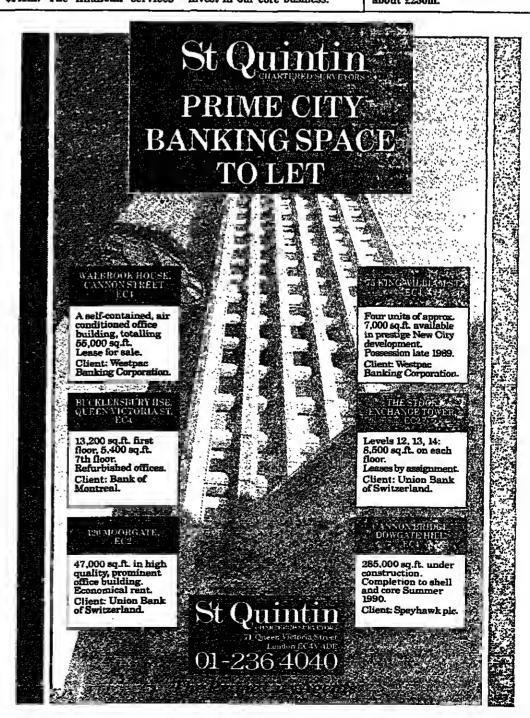
Also helping total sales was a 60 per cent advance to more than DMIhn in semiconductor turn-This reflected the huoyant

world market for chips, as well as Siemens increased ontput of

I megabit chips.

Turnover of KWU, the power station subsidiary, was boosted by the final billing of a Spanish contract. But the full year is likely to show only a slight rise, with the hind contract is a sight rise. with one hig domestic order to be included in the second half, compared with two last year.

Group investment in fixed assets rose 19 per cent to DM12.3bn, including the purchase of a majority stake in IN2, e French computer manufac-



By Roderick Oram in New York

UAL, Delta Air Lines and USAir, three leading US carri-ers, have reported sharply bet-ter performances with strong growth in traffic supplemented by extra passengers picked up from strike-bound Eastern Air

Delta Air Lines turned in record net profits of \$85m or \$1.73 for its third quarter ended March 31, up 51 per cent from \$56.1m or \$1.15 a year earlier. Revenues grew by 19 per cent

to \$2.04bn from \$1.71bn. Net for the first nine months was \$270.1m or \$5.49, against \$203.5m or \$4.18 on revenues of \$5.78bn against \$5.04bn.

Traffic at Atlanta, its main hub, grew 13 per cent in the quarter due in part to the East-ern strike. Delta's total revenues grew 20 per cent, reflecting big traffic gains at a number of bubs where Eastern was not a competitor and a gain in fare yield per seat/mile to 14.12 cents from 13.56 cents. The airline's load factor increased to 61.01 per cent from 54.93 per cent and its breakeven load factor increased to 57 per cent from 51.72 per cent. Costs per seat/ mile increased to 8,60 cents

from 7.56 cents.
UAL, parent company of
United Airlines, reported a 134
per cent rise in first-quarter net earnings from continuing operations to \$65.4m or \$3.03 a share, from \$27.9m or 58 cents a year earlier. Revenues rose 13 per cent to \$2.33bn from \$2.06bn.

The final net a year earlier was \$576.8m or \$12.02 after a \$548.5m gain from the sale of its Westin hotel subsidiary and net profits of \$457,000 from dis-

Mr Stephen Wolf, chairman, said the results showed that UAL was developing an earn-ings record which would meet the capital needs for replacing and expanding United Airlines' fleet of 408 aircraft. On Wednesday UAL placed a record \$15.74bn worth of orders and options for 370 Boeing air-

UAL said United's passenger load factor of 63.5 per cent was the highest in the industry in the quarter, although it was down from 64.1 per cent a year earlier. Its breakeven load factor fell to 59.1 per cent from 63.3 per cent. Costs per seat/ mile were 8.6 cents, up from 8.1

cents.
USAir swung back into the black in its first quarter from a loss a year earlier thanks to higher fare yields, the Eastern strike, further benefits from

the year-earlier takeover of Pacific Southwest Airlines and greater scheduling efficiency. Net profits were \$15.5m or 35 cents a share compared with a loss of \$18.8m or 43 cents a year earlier. Revenues were

\$1.5bn against \$1.2bn. The group's USAir division continued to lag, bowever, turning in an operating profit of only \$4m against \$1m a year earlier. After merger costs, it had an

operating loss of \$3.5m against a loss of \$1.2m. Operating revenues jumped to \$765m from \$493m reflecting the takeover of Pacific Southwest.

Pledmont Airlines, which

USAir acquired in late 1987, proved a strong earner. It reported operating profits of \$59.4m, up from \$26.5m a year earlier, on revenues of \$637m

Mr Timothy Hartman, vice chairman of NCNB Texas, said:

MBank. He did not say how much federal assistance NCNB might ask for to take over the MBanks, but he speculated that it could face 12 to 15 prospective rivals in the hidding.
Another group which has already identified itself as a potential hidder is First City First City is a formerly insolvent bank which was acquired

buy-out specialist, and the wealthy Pritzker family of

sights on failed **MCorp**

By Anatole Kaletsky

NCNB, THE rapidly growing North Carolina-based bank group which was rebuffed earlier this week in its attempt to acquire Citizens & Southern, said it would probably submit a bid to take over MCorp, the recently-falled Dallas bank

Most of MCorp is convenity being run by the Federal Deposit Insurance Corpora-tion, after federal regulators seized 20 of the group's 25 banking subsidiaries last

NCNB acquired First Republic Bank, the biggest bank in Dallas and MCorp's main cross-town rival, from the FDIC last year in a transaction which was assisted by more than \$1bn of the government

man ston of the government agency's money.
With the non-performing loans removed from First RepublicBank's portfolio, NCNB has turned its Texas subsidiary into a very profit-able institution and now believes it could do the same with MCorp's banking subsid-iaries, which trade in major Texas cities as MBank of Dallas and MBank of

"It is safe to say that we plan to submit a bid to acquire

Bancorp, the Houston-based bank run by Mr Robert Abboud, Like NCNB Texas,

rom the FDIC in a govern-ment-assisted transaction.

Other groups said to be interested in acquiring MCorp include Kohlberg Kravis Rob-erts, the New York leveraged

Eastern Air strike bolsters airlines | NCNB sets | Prime and Control Data start year on weak note

PRIME Computer, the target of a bostila takeover hid, and Control Data, which recently announced its intention to quit

announced its intention to quit the supercomputer business, reported weak first-quarter results yesterday.

Prime, the second largest US maker of computer-aided design equipment which is trying to fend off a \$565m takeover bid by MAI Basic Four, reported nat losses for the period to April 3 of \$5.02m, against earnings of \$14.49m a year earlier. Per-share losses were 10 cents against gains of 29 cents the previous year. The company's revenues rose to company's revenues rose to \$387m from \$364m.

The Natick, Massachusetts.

INTEL, the US semiconductor

manufacturer, announced cost-cutting measures, includ-

ing reducing the output of one of its key production facilities and the elimination of up to

600 factory jobs.

The cuts are aimed at "per-

manently improving the com-petitiveness" of the company,

The announcement came as a surprise, however, because Intel's recent financial perfor-

mance has been stronger than anticipated.

Intel said.

with MAI's pending tender with MAI's pending tender offer, Earnings for the previous year include an after-tax gain of \$6m from a change in accounting and an after-tax non-recurring charge of \$4.5m.

The company added that income for the most recent quarter was affected by organisational changes and layoffs and one-time costs.

Control Data, which last week said it would quit the supercomputer husiness it pioneered more than 30 years ago,

neered more than 30 years ago, reported net income of \$3.5m or 8 cents a share for the quar-ter ended March 31, from \$7.7m

quarter revenues of \$713m, up 12 per cent from \$636m. Net income for the quarter was

\$97m, up from \$94m. Mr Andrew Grove, president

and chief executive, president we operate in an aggressive, unforgiving market-place. While our financial position is solid and demand for our products is strong, our objective is to make our we attack.

make sure we stay in good shape as we enter the nineties.

steadily at reducing our costs and ehifting resources from

This requires that we work

company said this year's or 18 cents. Revenues fell to results included pre-tax expenses of \$6.3m associated The first-quarter pre-tax \$848.5m from \$902.3m.
The first-quarter pre-tax results include \$18.9m in

restructuring gains and \$10.7m from a legal settlement. The

from a legal settlement. The company said earnings were hit by losses in computer systems and supercomputer operations.

Mr Robert Price, chairman and chief executive, said:

With restrocturing charges of approximately \$490m we will obviously report a large loss for the second quarter. However, the actions we have ever, the actions we have taken enable Control Data to focus on its Cyber mainframe customers' needs and to have a profitable second half in 1968."

Loral sells two units for \$455m

LORAL, the US electronic armaments group, bas accepted a sweetened bid of \$125m cash plus \$30m of debt for two of its units from a group led by Mr Bernard Schwartz, the chairman, AP-DJ reports from New York.

Loral rejected two alterna-

Loral rejected two alternative offers from Banner Indus-tries, the only other bidder for its aircraft braking systems and engineered fabrics divisions. Banner proposed to pay either \$442m cash plus \$25m of debt or \$457m cash. It had previously proposed to pay \$432m cash and \$25m debt.

Mr E. Donald Shapiro, a member of Loral's panel of directors reviewing the bids, said Banner indicated it was prepared to go to \$467m on two conditions: that it could discuss the matter directly with the panel and that it was satis fied no issues other than price

remained outstanding.
As a result, Mr Shapiro added, the panel viewed Banper's bid as conditional. It also took into account a \$17m break-up fee the company would bave to pay if the divisions went to a party other than the Schwartz group.

Flat opening quarter at Xerox

By Karen Zagor

XEROX, the diversified producer of copying and duplicating machines which has been the subject of takeover speculation on Wall Street this week, yesterday reported mar-ginally higher first-quarter

Net income for the quarter ended March 31 was np 4 per cent to \$158m, from \$152m a vear earlier.

Earnings per share rose 8 per cent to \$1.48 against \$1.37 as the company bought back some of its preferred shares during 1988. Revenues rose 8

per cent to \$4.14bn from \$3.83bn.

Xerox's financial services which has been the company's most profitable division, reported a rise in net income to \$89m from \$88m on revenues which advanced 8 per cent to \$1.3bn from \$1.2bn. **Business products, including**

copiers, printers and other office equipment, generated net income of \$69m, against \$64m. Revenues advanced to \$2.82bn from \$2.61bn. The group reported stronger growth in the US market but

revenues from international operations softened during the

Shares in Xerox were up \$1/4 at \$68% in mid-day trading on the New York Stock Exchange. On Tuesday the stock jumped \$2% to \$67% in heavy trading amid speculation that Hanson. the UK conglomerate, was eye-ing Xerox as a potential takeover target

In a bid to improve profits at the business equipment opera-tion, Xerox announced in late January a large-scale restruct-uring.

Singleton hands over Teledyne reins

By Roderick Oram

MR Henry Singleton, one of the last of the old-style US con-glomerate builders, has retired from day-to-day management of Teledyne, the diverse indus-trial group he founded in 1960. He will remain chairman while Mr George Roberts, his long-time partner, will continue as president and take on the rest of Mr Singleton's operating responsibilities.

The announcement initially sparked a sharp rise in Tele-dyne's shares on speculation

offering in Nora Eiendom A.S.

brokers and interested investors.

Auction, where both brokers and investors

may submit offers for the block of stock in

a) The highest bid will be accepted.

Industrier A.S/Nora Eiendom A.S.

part or entirety.

that the group would be more likely to break itself up or be more vulnerable to takeover. Shares rose \$12.75 to \$362.75 on Wednesday afternoon, but gave up some \$3 of the gain yesterday morning on low volume. In common with other

diverse conglomerates, the sum of Teledyne's parts looks more valuable than the whole. But whereas many other conglomerates have disposed of businesses in recent years to sharpen their focus, Mr Single-

1.000.000 SHARES OF

NORA EIENDOM A.S.

Nora Industrier A.S has decided to offer for sale 1.000.000 shares of

mation contained in the prospectus prepared for the ongoing public

In addition a separate prospectus will be prepared and distributed to

The sale will be implemented in accordance with the following principles:

Bids must be submitted in sealed envelopes to:

Advokatfirmaet Schjødt, att.: Erling Christiansen jr.

Dronning Maudsgt. 10, P.O. Box 1371 Vika

0114 Oslo 1, Norway

Tel.: (+472) 83 17 60 Fax.: (+472) 83 17 12

All bids must be received before 12 noon (Oslo time) May 3., 1989.

d) Nora Industrier A.S reserves the right to refuse any offer. The Company also reserves the right

All shares offered for sale may be purchased by foreign investors.

Further information regarding the practical aspects of the auction may be

obtained by inquiry to Gunnar Bohn & Co. a/s or Sundal Collier Montagu A.S.

who are coordinating the transaction.

not to accept the highest bid, if the bidder is considered to have conflict of interest with Nora

The law office will open and review the bids. A decision will be made on the following basis:

b) If the highest bid does not fully cover the number of shares up for sale, lower bids will be

The result of the auction will be announced before 12 noon (Oslo time) May 5., 1989, with

accepted in full or in part until all the remaining shares have been allotted. If several buyers offer the same price, shares will be allotted on a pro rata basis.

accepted bids.

Nora Eiendom A.S. In this connection reference is made to infor-

ton, 72, and Mr Roberts, 70, bave kept Teledyne broadly

Mr Singleton said he would retain his 13.2 per cent stake in the company and remain involved in strategic decisions. Teledyne's interests span aerospace, electronics, con-sumer appliances and consumer finance. It reported net profits of \$391.8m or \$34.03 a share on sales of \$4.6bn last year, up from \$370.5 or \$31.68 on \$3.22bn a year earlier.

Nora Industrier A.S will grant a 0,5% commis-

sion to the broker or brokers who submit

Light metals side leads Norsk Hydro advance

Intel recently reported first- low to high areas of return.

NORSK HYDRO, Norway's largest publicly quoted com-pany, yesterday posted a 36 per cent increase in first-quarter net income to NKr1,25bn (\$183.8m) from NKr920m last year, helped by strong performances in its oil and gas, agri-culture and light metals divi-

Operating revenue in the period increased by 14 per cent to NKr16.6bm, while earnings per share climbed 30 per cent to NKr6.10.

High aluminium prices and improved productivity helped the light metals division, Norsk's best performer, lift operating lucome to NRrl.1hn from NKr/48m. The agriculture division increased operating income to

NKr619m from NKr434m due to sales volumes and high fertil-iser prices.

NKr886m, was helped by higher oil prices, increased production from the Norwegian Ekofisk and Gulifaks fields and a rapid build-up of oil produc-tion from Norsk's Oseberg field, which was brought on stream last December, Production of oil and gas

income to NKr603m from

totalled about 1,800m.tomas of oil equivalent, a 30 per cent increase on last year's figure. Refining and marketing activities were also advanced by better margins for refined products. However, operating income for persochemicals income for petrochemicals slipped to NK 314m from NK 391m after a fire halted production at a Norwegian

Norpolefin also contributed to the decrease. Norpolefin con-A rise at the oil and gas divi- tributed NKr58m in the last sion, which boosted operating year's first-quarter result.

Surge at roller bearings division helps boost SKF

By Robert Taylor in Stockholm

turnover climbed 22 per cent to SKr6.31bn.

The company said growth showed no signs of weakening. Performance was particularly impressive in the roller bearings division where profits almost quadrupled — from SKr162m to SKr483m on sales 23 per cent higher at SKr5.31bn.

Planned cost-cutting mea-sures at SRF's plants in Italy and West Garmany are to go ahead and the restructuring in the Swedish operations, which started in 1988, will continue over the next couple of years.

Latin American markets showed signs of recovery,

SKF, the world leader in roller bearings, has reported a rise of 132 per cent in pre-tax profits to SKr590m (\$92.6m) for the first quarter of 1988. Group while in the Asian Pacific region, where SKF recently opened a new sales outlet, demand continued to improve.

Anti-dumping restrictions in the US, due next month, will have an impact, the company said. Although it manufactures locally 80 per cent of all it sells in the US, its remaining pro-duction will be affected by leg-

islation. issation.

Sales of cutting tools increased by 7 per cent in the quarter, rising from SKr283m to SKr307m. However, pre-tax profits narrowed from SKr33m to SKr30m, mainly due to difficulties in Brazil.

The performance in components showed a dramatic improvement, with a 70 per cant jump in profits to SKr80m on sales up 19 per cent at SKr836m.

Intel plans cost-cutting measures

Intel will reduce output from its plent in Chandler, Arizons, placing the plant on a five-day work week instead of a sevenday shift system. The plant produces microcontrollers and other logic circuits for the telecompunications, automotive and military markets. and military markets.

Intel said it was focusing on cutting costs throughout the

corporation, and was looking at ways to reduce overhead and factory positions as part of the programme. Up to 600 posi-tions would be eliminated this year, the company said.

Alcan forecasts strong demand for aluminium

By Robert Gibbons in Montreal

ALCAN Aluminium has forecast continuing tight supply in world aluminium markets through 1989 because of strong demand and rock-bottom inventories.

rock-bottom inventories.
Mr David Morton, the Canadian group's president, told the simual meeting that as a result the earnings outlook for the current year was favourable, The only threat would come from rising interest rates in North America and Europe, which could produce a recession.

Aluminium prices have designed from the peak set list summer when Alcan's posted price was US\$1.12 per pound in

North America.

However, any interruption in production could upset the supply-demand balance dramatically, Mr Morton warned. Planned expansion over the

next two years will add less than 2 per cent to existing capacity, against demand growth now estimated at about 5 per cent annually.

Alcan shareholders approved a three-for-one stock split, effective May 9. Capital spend-ing this year will top US\$1bn, up from US\$670m in 1988, mainly for smelter modernisation in Quebec and additions to fabricating facilities and other businesses. Last year Alcan earned US\$931m or US\$5.77 a share on revenues of US\$8.5bn.

> U.S. \$115,000,000 **Elders Finance Limited** Floating Rate Notes due 1992

> > 0

For the initial interest period 28th April, 1989 to 31st October, 1989 the Notes will carry an interest rate of 10.4875% per annum. The interest psychological for the relevant interest psymbol on the relevant interest psymbol on the relevant interest psymbol on the relevant 1989 will be U.S. 35,418.54 per U.S. \$100,000 Nominal Amount. By: The Chose Mestallor Suck, N.A. Leeden, Agent Bunk

28th April, 1969

Total-CFP 12% ahead

By George Grahamin Paris

TOTAL-CFP, the French state-controlled oil company, reported net profits last year of FFr1.47bn (\$231.5m), excluding pared with a FFr120m positive minorities, up 12 per cent from

The company sald its result, excluding the effect of variations in the value of its off stocks, showed a 73 per cent improvement to FF12.06hn on sales 4 per cent lower at FFr83.3bn. Capital gains from asset

sales amounted to FFr600m last year, compared with

effect in 1987.

Total, which is embroiled in an attempt to raise its stake in Norway's Saga Petroleum to 35 per cent, said it had made investments totalling FFr144bn in 1988, notably the purchase of CSX Oil and Gas

in the US for \$675m.

Investments this year are expected to total about FFrion.

U.S. \$50,000,000 Banco Latino Americano de Exportaciones, S.A. Floating Rate Notes due 1990 Floating Rate Notes due 1990 in accordance with the provisions of the Notes, notice is hareby given, that for the elst monities interest Period from April 28, 1989 to October 31, 1989 the Notes will carry an interest Rate of 11%/6 per annum. The amount psyshite on October 31, 1989 egainst Coupon No. 9 will be U.S. \$73.02 for Bearer Notes of U.S. \$10,000 principal amount and U.S. \$6,790.21 for Element Notes of U.S. \$10,000 principal amount U.S. \$578.02 will be payable on each U.S. \$10,000 principal amount.

Looks, Agent Bank

0 April 26, 1989 U.S. \$100,000,000 Allied Irish Banks Pic

By: The Chase Modulation Conton, Agent Back

MITSUI FINANCE

Guaranteed Floating Rate Notes 1997

In accordance with the provisions of the Notes. notice is hereby given that for the three month period, 28th April, 1989 to but excluding 31st July, 1989 the Notes will carry an

> International Limited Agent Bank

ASIA LIMITED (Incorporated in the Cayman Islands) US\$150,000,000

Interest Rate of 10%/16% per annum. Coupon will be US\$269.27 on the Notes of US\$10,000. Mitsui Finance Trust

Desponse in a manuscript of a particular of least mode for Compress Act, \$400 a set of the Notes. Perpetual Floating Rate Notes. In accordance with the provisions of the Notes, notice is liereby given, that for the three months interest Pariod from April 26, 1969 to July 28, 1989 the Notes will carry an interest Rate of 10%% per armum. The interest Pariod from April 26, 1969 to July 28, 1989 the Notes will carry an interest Rate of 10%% per armum. The interest Pariod from April 26, 1969 against Coupsin No. 18 will be U.S. \$267.00 and U.S. \$350,000. The sum of U.S. \$250,000. The sum of U.S. \$250,000 mild be payable per 156. \$10,000 principal amount of Registered Notes.

0125 Oslo 1, Norway Fax.: (+472) 83 07 92 - 83 07 94

simultaneous information to the Oslo Stock Exchange.

Munkedamsveien 45. Postboks 1943 Vika Tif.: (+47 2) 83 14 20 Tix.: 74490 Sunco N

Sundal Collier Montagu A.S.

Gunnar Bøhn & Co. a/s Langkaia 1. Postboks 588 Sentrum 0106 Oslo 1, Norway Tlf.: (+472) 41 40 50 Tlx.: 76790 boehn n Fax.: (+472)336112

INTERNATIONAL COMPANIES AND FINANCE

Chemicals ** side helps boost ENI profits 86%

By John Wyles in Rome

STRONG recovery in its chemicals business helped ENI, the Italian state-owned energy

and chemicals group, to raise net profits last year by 86 per cent to L1,136bn (\$825m).

The performance was much the best since Professor Franco Reviglio took over the task of restructiving the the loss restructuring the then loss-making group in 1983. After a 6 per cent fall in lira terms in 1987, revenues improved by 4.3 per ceut to L83,100bn. This puts sales back close to their 1986 level

A confident Professor Revigio forecast vesterday another strong year in 1989 with an anticipated net profit of L1,600bu. Since his term as ENI president closes at the end of October, he was at pains to point out that by then the group will have accumulated more than L5,000bn in profits since it returned to the black m 1985, investing in the pro-cess more than L29,000bn. The energy divisions contrib-uted around 60 per cent of last year's profits, chemicals 30 per cent while 10 per cent came

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from mechanical engineering, services and textiles. The performance of the nonenergy sectors more than com-pensated for a slight fall in profits from oil and gas produc-tion, refining and distribution. Energy sales fell by L652bn, hut chemicals sales rose by L1,206bn, engineering and ser-vices by L237bn and metals by

Amortisation costs fell slightly to L3,654bn.

SMH to step up dividend

SMH, the Swiss watch group, reports net profits of SFr105m (\$63.3m) for 1988, up from SFr77m in 1987. As a result the company is stepping up its dividend to 8 per cent from 6 per cent, writes Our Financial

Group sales improved from SFr1,72bn to SFr1.85bn. SMH said sales rose by 6 per cent, excluding discontinued operations. The 1987 figure is for net sales, and the 1988 figure for gross sales.

New Joseph Sent A shine

Akzo raises income and sales in first quarter

AKZO, the Dutch chemicals and fibres group, reports a 17 per cent increase in net profits to Fl 227.3m (\$108m) for the first quarter of 1989 compared with the same period last year.

Sales rose by 13 per cent to Fi-4.5bn as the buoyant tradition and the same period last year.

ing conditions prevailing last year washed over into 1989. Chemicals were again an espe-cially good performer, Akzo said yesterday.

The strong demand allowed

the company to increase a broad range of selling prices during the quarter. On average

prices rose by 6 per cent. Adjusted for price changes, currency factors and acquisitions, turnover for the quarter was just 1 per cent higher, Akzo said.

In chemicals, sales advanced 11.6 per cent to FI 1.64hn while operating profits in the divi-sion rose by 23 per ceut to Fi 207m. The performance was mostly underpinned by the salt and basic chemicals business. Man-made fibres also contin-ued to move well, lifting sales by 11 per cent to Fl 1.31bn and pushing earnings ahead by 9 per cent to Fl 72m. Two years

ago, man-made fibres were in the red.

Pharmaceuticals showed stahility. Akzo said. Sales of
health care and related products rose by 8.4 per cent to
F1 632m and earnings by 6 per
cent to F1 87m. The coatings
operations, for which Akzo has
been actively acquiring new
business lines, boosted sales to
F1 785m and pushed up earnings by 20 per cent to F1 42m.
For 1988 as a whole Akzo
turned in net earnings of
F1 840m on total turnover of
F1 16.6hn. It paid a F1 7.50 a
share dividend.

Buoyant Sasea proposes rights

By William Dullforce in Geneva

SASEA, the Geneva-hased investment banking group led by Mr Florio Fiorini, reports a 68 per cent increase in net consolidated earnings to SFr20.4m (\$12.4m) in 1986 and expects to achieve a further rise to

SF136m this year.
The group, which operates a constantly changing portfolio f participations in European banking, insurance and prop-erty companies, has also disclosed details of a one-for-one rights issue which will double the share capital of Sasea Holding from SFr201m to SFr402m.

The motivation for the capital increase lies in the 1983 consolidated balance sheet, which reveals a 56 per cent rise in total liabilities to SFr1.55m against an increase of only 14.7 per cent to SFr238m in share-

holders' funds. Current liabilities at SFr734m are more than covered by current assets of SFr798m, bnt Mr Rodolphe Rossi, director-general, said the intention was to bring total equity back to its former level of half total liabilities. At present Sasea runs some

40 participations, most of them minority holdings, including an indirect stake in Pathe Communications Corporation and, through Eurogest, a majority holding in Scotti Fin-anziaria, a Milan real estate company with uet assets of

L800bn (\$581m).

Just over 2m new shares will be issued in the rights offering, the price of which will be fixed on Monday. Of these, 51 per cent will be taken up by a "hard core" of sbarebolders and 10 per cent by associated friendly investors.

Linotype ahead on heavy demand for laser printers

By Haig Simonian in Frankfurt

NET PROFITS at Linotype, the West German printing elecwest German printing electronics group, rose 27 per cent to DM52.8m (\$28.2m) last year, slightly ahead of forecasts.

The group, which was floated in October 1967, is increasing its dividend by DM2 to DM13 a share.

Group sales may be 18.7 per

Group sales rose by 18.7 per ceut to DM610.8m last year, with increases of 16 per cent in the US, 20 per cent in the UK and 38 per cent in Canada. Announcing the results, Mr Wolfgang Kummer, Linotype's chief executive, said that order

levels in the first quarter of this year had risen 15 per cent to 20 per ceut, with strong

.... 5.4. . . 70

demand for products such as the new Linotronic 200 (L200) laser-image setter introduced in September.

Mr Kummer declined to give sales and profits figures for the first three months of this year. However, both sales and profits had shown "double-digit" percentage increases, and the signs were that 1989 "should take a very satisfactory course," he said.

Orders for the L200 had reached around 1,500 units. New products in the pipeline include a new line of faster image processors, which link personal computers with the group's laser image setters.

Atlas Copco makes strong start to year

By Robert Taylor in Stockholm

ATLAS COPCO, the Swedish mining, construction and industrial equipment manufac-turer, reported yesterday that first-quarter profits (after financial items) rose by nearly 25 per cent compared with the same period last year, from SKr248m to SKr330m (\$52m). Orders received rose by 22

per ceut to SKr4.16bn, while turnover increased by 23 per cent to SKr3.49bn.

Atlas Copco also announced that the 1988 dividend, up from SKr7.50 to SKr8.50 a share, had been approved by the share-

French insurer shows rise of 45%

By George Graham

GROUPE des Assnrances Nationales (GAN), the French state-owned insurance group, has reported a rise of 45 per cent in net profits to FFr1.93bn (\$303m) for 1988. Mr François Heilbronner. GAN's president, said the rise came from a substantial improvement in operating results in the accident insurance division, especially on motor insurance, and from strong investment

Total revenues rose 12 per cent to FFr23.6bn, with the proportion accounted for by life insurance rising again to 43 per cent. Technical provisions rose by 14 per cent to

In the domestic fire and accident divisiou, revenues rose 5 per cent to FFr7.55hn, and uet profits trebled to FFr620m, with FFr736m of investment earnings offsetting anderwriting losses of FFr115m.

Corporate insurance activi-

ties produced au operating loss, but individual motor insurance turned from an operating loss last year to an operating profit of FFr25.6m.

Mr Heilbronner said GAN had henefited from au improvement in French driv ing habits in the second half of 1988, hnt also from its efforts to be more selective over wbo it insured and from the size-able provisions it had estab-lished in recent years.

In the life sector net profits rose 18 per cent to FFr711m. on revenues of FFr6.9bn and an underwriting profit of

GAN, which at the end of this month will complete an operation giving it control of the state owned retail banking group CIC, is to raise its dividend to the state by 50 per cent to FFr252m.

Mr Heilbronner said 1989 had begun well, with activity in the first quarter shead of budget in all sectors, but espe-

cially in life business.

• Club Med, the French leisure group, is to take a 34 per cent stake in Nonvelles Frontieres, a tour operator with a network of 52 travel agents.

Investors rush for shares in Portuguese brewer

By Diana Smith in Lisbon

PORTUGUESE AND foreign investors this week swamped the Oporto bourse with orders for shares in Unicer, the first state-owned company to offer 49 per cent of its capital to the

The semi-privatisation of Unicer, a brewing company, is part of a government plan to reduce public debt, which stands at 80 per cent of the gross domestic product. That was largely caused by the losses of companies nationalised in the 1975 revolution. The success of this week's operation hodes well for semi-privatisation of Banco Totta e

Acores, scheduled for June, and of the Aliana Seguradora and Tranquilidade insurance companies, scheduled respectively for July and September. In the lively special session in Oporto - chosen over Lishon because Unicer is a northern company - there were nearly three times as many orders as sbares available: 3.18m shares at a basic price of Es2,500 each (\$16) were bom-

barded with orders at prices from Es2,800 to Es6,000. Had enough sbares been available the sale would have fetched Es26.5bn (\$170m). As it was it raised Es9.5bn, a sum that Mr Miguel Cadilhe, the Pinance Minister, called "highly satisfactory." Unicer's 11,866 new shareholders had to

be registered by name to comply with government restric-tions on the number of shares held by an individual or group in Portugal (not more than 20 per cent of privatised capital) or foreign investors (not more than10 per cent of privatised-

There are also restrictions on transactions by Unicer staff or small shareholders, who were able to buy up to 200 shares each at special prices of Es2,300 and Es2,400 respectively. These cannot be sold for

two years. Banco Portugues do Investi-mento, the private sector investment bank that organised the Unicer operation, had received signals of strong foreign interest since the semi-privatisation Was first This was confirmed in

Wednesday's special session: pressure of large foreign orders - reportedly from a number of European breweries and major pension or investment funds - used up the limited foreign huyers' quota in the first part of the public offer. This was reserved for buyers of a minimum 5,000 shares each. The entire foreigners' quota was acquired by Banco Hispano-Americano on behalf of indi-vidual Spanisb shareholders. Foreign blds for sbares in the second tranche, for pur-

chase of a minimum of 1,000 shares per buyer, could not be satisfied.

Foreign huvers ended up with 10 per cent of the volume and 12 per cent of the value of new Unicer shares. Generally they offered much higher prices than Portuguese bidders
- an average Es3,800 com-pared with Es3,050 for Pertu-

guese buvers. Also reportedly eager to huy were new Portuguese economic groups located in the north. and families which ran breweries before nationalisation in 1975. Foreign and Portuguese groups seem to he moving into place for full privatisation of Unicer, expected in the next two years.

The authorities picked Unicer as the first candidate for semi-privatisation because it was an exceptionally well managed and profitable company and looked like an easy sale, and because beer, the Government feels, need not be a state-

owned activity.
The new sbarcholders will have two directors on the Unicer board, due to be elected at a special general meeting in the next few months. The company now bas 1,904 worker-shareholders, 9,869 small shareholders, 204 sbareholders with more than 5.000 shares each and 96 foreign

UK leather industry shake-up

By Nikkl Talt in London

THE FUTURE of Britain's mucb diminished leather industry became slightly clearer yesterday as Hillsdown Holdings, the large food, furniture and property group, made the surprise move of selling its 17 per cent stake in tanning group Pittard Garnar to rival leather manufacturer, Strong & Fisher.

Strong, which now has an aggregate 27.4 per cent interest in Pittard, added that it will not be renewing its bid for the other leather company at the moment.

Strong's £41m (\$69m) offer for Pittard last autumu was referred to the Monopolies and Mergers Commission hut, earlier this mouth, the company

was given clearance to make another bid. Strong said it had decided

not to return at this stage in the light of "present circumstauces" - in particular, because of the "current high market price" of Pittard. Pittard sbares bave riseu from under 200p to over 300p since the start of 1989. Yesterday they fell 12p to 278p.

Under Takeover Panel rules, Strong is required to make a new offer by next Tuesday. It is now able to rebid in November - the first anniversary of its previous offer - but only if makes a cash offer at the highest price at which it has acquired Pittard shares in the

It will be April 1990 before it can rebid with no conditions

attached Meanwhile, Hillsdown said that the sale of its stake had been prompted by Pittard's refusal to recommend a full offer and by the rise in the

Pittard share price.
It also approached Strong with the aim of acquiring Strong's 10.4 per cent interest in Pittard, but had no success there either.

Instead, it has sold its 3.68m shares to Strong at 302p apiece which, it calculates, is marginally in excess of its average buying price. The deal, it added, signals the end of its interest in the Pittard situa-

27th April 1980

This announcement appears as a matter of record only.

27th April, 1989



TOBU RAILWAY CO., LTD.

U.S.\$300,000,000

4¾ per cent. Notes 1994

Warrants

to subscribe for shares of common stock of Tobu Railway Co., Ltd.

Yamaichi International (Europe) Limited

Banque Paribas Capital Markets Limited Baring Brothers & Co., Limited Deutsche Bank Capital Markets Limited

Kleinwort Benson Limited Merrill Lynch International Limited

Morgan Grenfell & Co. Limited Nat West Capital Markets Limited

Société Générale Swiss Volksbank Fuji International Finance Limited

Swiss Bank Corporation

Taiheiyo Europe Limited

Barclays de Zoete Wedd Limited Credit Suisse First Boston Limited Goldman Sachs International Limited Kuwait International Investment Co., s.a.k. Mitsubishi Finance International Limited J.P. Morgan Securities Asia Ltd. Salomon Brothers International Limited

S.G. Warburg Securities

This announcement appears as a matter of record only.

NEW ISSUE



YAMAZEN CO..LTD.

U.S.\$100,000,000

43/8 per cent. Guaranteed Notes 1993

Warrants

to subscribe for shares of common stock of Yamazen Co., Ltd. The Notes will be unconditionally and irrevocably guaranteed by

The Fuji Bank, Limited

Issue Price 100 per cent.

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Banque Bruxelles Lambert S.A.

Daiwa Europe Limited

Cosmo Securities (Europe) Limited

Deutsche Bank Capital Markets Limited

Algemene Bank Nederland N.V. Bayerische Vereinsbank Aktiengesellschaft Crédit Lyonnais

DKB International Limited Goldman Sachs International Limited KOKUSAI Europe Limited Merrill Lynch International Limited Morgan Grenfell & Co. Limited The Nikko Securities Co., (Europe) Ltd. Salomon Brothers International Limited

Sumitomo Finance International Taiyo Kobe International Limited Wako International (Europe) Limited

Robert Fleming & Co. Limited Kleinwort Benson Limited Leu Securities Limited J.P. Morgan Securities Asia Ltd. Morgan Stanley International Nomura International J. Henry Schroder Wagg & Co. Limited Taiheiyo Europe Limited Tokai International Limited S.G. Warburg Securities

Yasuda Trust Europe Limited

The Board of Management of Akzo N.V. announces that at the Annual Meeting of Stockholders held at Arnhem on April 27, 1989, the dividend for the financial year 1988 has been fixed at NLG 7.50 per common share of NLG 20. Of this amount. NLC 1.50 was declared and made payable as an interim dividend from November 21, as an interim dividend from November 21, 1988, so that there remains a final dividend of NLG 6 per share for the financial year 1988. Stockholders may choose to receive the final dividend entirely in cash or in common stock chargeable to additional paid-in capital or, at stockholder's option, to

other reserves.

The new shares confer the right to the dividend for the financial year 1989. The stock dividend chargeable to pald-in capital is free from Dutch withholding and income

Payment of the above cash dividend will be made from May 16, 1989, against surrender of coupon No. 32. A withholding tax of 25% will be deducted from the

To the extent that stockholders prefer payment of the dividend in stock, they will receive against surrender of 24 coupons No. 32 one share of NLG 20, entitling them to the dividend for the financial year 1989 and following financial years, provided with coupons Nos. 33 and following and takon.

The exchange of Coupons No. 32 for new shares will be made free of charge to the holders.

As from September 1, 1989, coupon No. 32 will only carry entitlement to the cash

U.K. Residents.

Dividends so payable for U.K. residents will be paid less I 5% withholding tax and U.K. income tax will be deducted from the gross dividend.

Residents of other countries. Residents of other countries.
For residents of countries other then the United Kingdom with which the Netherlands has a Double Taxation Agreement, the rate of withholding tax (if any) will be adjusted upon provision by the presenting euthorised depository of the completed necessary documents (Form 92, etc.)
Where no such form is produced, withholding tax at the cate of 250 will be deducted. tax at the rate of 25% will be deducted.
United Kingdom tax at the standard rate will be deducted unless claims are accompanied by the appropriate affidavit forms.

Information concerning any of the

above-mentioned documents may be obtained from Barclays Bank PLC and Midland Bank PLC.

Paying offices in the United Kingdom: Barclays Bank PLC Stock Exchange Services Department 54 Lombard Street London EC3P 3AH

Midland Bank PLC International Division Securities Services Department 110-114 Cannon Street London EC4N 6AA

Amhem, April 28, 1989 Akzo N.V., the Netherlands

INTERNATIONAL COMPANIES AND FINANCE

Putting Ireland on the investment market

The IDA, once a model development agency, is rising again, says Hazel Duffy

opment Authority was the model for development agencies in Europe in the 1970s, when the IDA had a

remarkably good run bringing overseas companies to Ireland. Then came the tough years. The economy dived into a period of high inflation. Labour costs were rising. Some foreign companies, which had been lured in hy the attractive financial packages, packed their bags when the tax incentives expired. Multinationals became a hyword for redun-dancies among the Irish.

Today, things are looking up again. Inflation and interest rates are well below UK levels. There is a new air of business confidence. Ireland, in contrast

to much of Europe, has plenty of young people.

The IDA is publicising Ireland overseas with e new vigour. "There's e motivation which has not how they also not be the people of the property of the people of the which has not been there since the late 1970s," says Mr Ray Burke, minister for industry and commerce. "They have a product to sell again. The over-seas investment in the pipeline has never looked so good."

Almost daily, small groups of Japanese and Korean busi-pessmen arrive in Dublin to talk with ministers and the IDA. They will be aware of Ireland's attractive corporate tax and depreciation allow-ances. Last year, the IDA

opened an office in Seoul and doubled the size of its Tokyo office. Offices in Houston and Cleveland in the US, and in Paris have been closed.

IDA officials stress, however that it is encouraging industry to develop within a much more focused strategy than in the 1970s. This applies to Irish companies as much as to for-

eign investors.
They have identified three sectors as the key to building a durable industrial base in Ireland: foreign companies, medium-sized Irish-owned companies and small firms. Inward investment is still very important. The emphasis

very important. The emphasis on Japan is directed towards securing parts manufacture, to supply Jepanese plants elsewhere in Europe, and so meet the local content required by the European Commission.

A recent exemple was Fujitsu's decision to set up an operation to supply parts for its printer assembly plant in Spain. The plan is that the investment will lead to additional printer assembly capactional printer assembly capacity in Ireland. Detailed discussions are also being held by the IDA with another, unnamed, Japanese company for the fab-rication of computer wafers. Such investments are highly

competed for in Europe. But Mr Kieran McGowan, executive director for overseas invest-ment, believes that "the tide is



turning away from the UK [which has attracted one third of total Japanese investment in the European Community] towards Ireland, because of growing labour shortages in the UK."

However, the IDA has not relented on its drive in the US, which will remain the major

which will remain the major overseas source of investment. Nearly 3,000 jobs were promised by 32 new American investments last year.

The IDA has been criticised for "buying" foreign investment with over-generous grants. It was argued that these led to some of the failures, like Hyster, which three

years ago closed its automated handling systems plant near

Ireland, in common with Ireland, in common with other European governments, has tightened up on grants. The average rate of assistance for foreign companies, at about one third of the cost of setting up, is still higher than for expansion projects by Irish companies. But both are tied much more closely to achievement of job targets, and repayment of grants when the project is up and running.

ect is up and running.

The IDA is increasingly investing in the form of preference shares, so that there is a return. Or it links its money with specific needs, like the improvement of marketing techniques.

Ireland has a handful of com-panies which have succeeded

panies which have succeeded internationally. But the indigenous industrial base is small the IDA wants to strengthen it. Small firms are being encouraged to grow in part through programmes which link them with the multinationals that have been set up. But larger companies, particularly in engineering and food processing are seen as having

processing, are seen as having the potential to capitalise much more on their strengths. If they do not, the fear is that increasingly they will be take-over targets as the single European market near sampletion.

the food sector, have had financial backing from the IDA. Food Industries, in which Mr Larry Goodman, the meat magnate, has a majority stake, is one. On a smaller scale, it announced recently that it would be helping the Agragroup set up advanced packaging facilities which will enable the company to supply meat as joints with a prolonged shelf life to German supermarkets.

Too often, this market-led approach is lacking in Irish business, the IDA argues. In food, in particular, the chain stops at the point where the producer supplies the company, usually foreign, which supplies the supermarkets.

The IDA's tactics in "picking winnera" heve a iready attracted critics, who say that public money is going to highly profitable companies and not those struggling to grow.

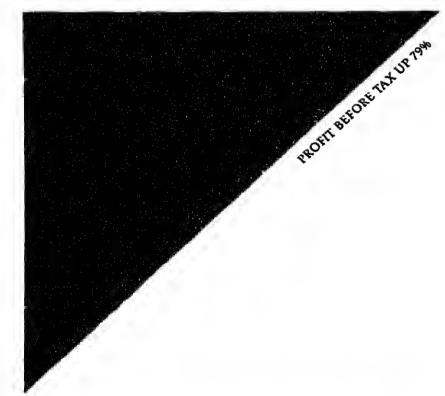
Mr Burke defends the strat-

grow.

Mr Burke defends the strategy. He stresses that the pro-cess is not all one way. The Government has told Irish companies that it expects them to play their part in putting

the economy on to a firmer base, and creating jobs.

The IDA also has less money. Its budget was cut by £10m to £120m (\$202m) this year. The organisation is slimover targets as the single Euro-pean market nears completion. Selected companies, many in investments.



There are some years in a company's development

This has been one of those years for AMEC.

which have a fundamental effect on its business.

The two main events were, of course, our acquisition of the outstanding 50% of Fairclough Homes and the merger with Matthew Hall.

These decisions are already proving themselves highly successful

ember 1988 Million	Year Ended 31 December 1987 £ Million		
1309.9	793.6		
61.6	(28.23) 12° 25° 345°		
40.1	. 22.2		
54-2P	34-52		
47.8P	34.OF		
17-OP	13.0F		
	1309-9 61-6 40-1 54-2P 47-8P		

Perhaps even more important than today's figures, though, are the long term benefits of our enlarged

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contents of this statement have been approved for the purposes of Section 57 of the Financial Services Act 1986 by Peat Marwick McLintock which is authorised by the ICAEW to carry on investment business

We are proactive in our markets and we are expanding our presence in Europe (where we have bases in Holland, France and Portugal), the United States of America and Australia.

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US plastics group plans expansion in Europe By Peter Marsh

HANNA, a fast-growing US plastics company, is looking at possible acquisitions in Europe as part of its plan to double its annual sales to \$25n by 1993.

Mr Jim Courtney, a Hanna-vice-president, said in London recently that the company had no particular targets in Europe, but it was anxious to step up its presence on the Continent in the fields of resins distribution and com-

pounding.
Only about 10 per cent of Hanna's sales are outside North America.

Compounding, one of Hanna's main business activities, describes the mixing of specific plastics materials bought from big chemicals producers which are sold to manufacturers to be turned into finished products.-Hanna, which was set up in 1885, has expanded aggres-sively since 1986, mainly by acquiring small privately-

owned resins and plastics busi-nesses in the US. Annual sales in 1986 of \$130m have been transformed to a revenue last year of \$1.02bn, of which net income amounted to \$33m. Plastics activities account for 90 per cent of sales, with

minerals, mainly sales of iron ore, comprising the rest.
The Cleveland, Ohio-based

The Cleveland, Onio-based Hanna has a small plastics manufacturing and sales operation in Dundee, Scotland, which Mr Courtney said that the company was "thinking about expanding."

Hanna — one of whose directors is Mr Conrad Black, chairman of the Daily. Telegraph, the British newspaper — has spent some \$500m over the past four years on its acquisitions bolicy. The company has policy. The company has obtained this cash largely by selfing stock, and has also issued \$110m worth of junk bonds.

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The Board of Management of Akzo N.V. announces that on April 27, 1989 the results for the first quarter 1989 were published. Copies of this report may be obtained from the London Paying Agents:

arclays Bank PLC Stock Exchange Services Departm 54 Lombard Street

London EC4N 6AA

Akzo N.V. Velperweg 76 P.O. Box 9300

Árnhem, April 28, 1989

Akzo N.V., the Netherlas

INTERNATIONAL COMPANIES AND FINANCE

Philips seeks to give up control of ailing Indian affiliate

By R.C. Murthy in Bombay

PHILIPS of the Netherlands is seeking to give up management control of Peico Electronics and Electricals, its Indian affiliate, which is the country's market leader in lighting but is going through a bad patch.

Tha Dutch company has been exploring the possibility of sharing nower with an

of sharing power with an Indian entrepreneur, who, it is hoped, would help expedite official approvals for new projects and deal with manage-ment and labour problems aris-ing out of a Peico

Peico is the market leader for lamps and lighting and also manufactures professional and entertainment electronics prodncts, home appliances and

It had Rs3.87bn (\$246.9m) sales in 1987 - when profits plunged to Rs10.7m from Rs27.8m and the dividend was ont by a third to Rs1. It appears that the alide contined last year, results for which have yet to be announced. Peico was known as Philips India until 1979, when the Dutch parent reduced its stake

to 39.7 per cent in line with Indian foreign exchange regu-lations. Philips retained man-agement control with support from state-owned investment

The affiliate was a victim of prolonged delays in official clearance of new projects. When its plan to produce colour television eets was approved after a couple of years' delay, Peico found it difficult to compate with Indian years delay, reaco found it di-ficult to compete with Indian makers, by then entrenched. Indian entertainment elec-tronics is based on screwdriver technology, with most compa-

technology, with most compa-nies importing kits of andio and video equipment from Japan for assembly before sale. Philips has shortlisted some half dozen Indian groups as possible management partners. One of these, the fast-rising Videocon, has rejected Philips' invitation to join Peico, whose invitation to join Peico, whose technology is considered outdated and labour costs too

mgn.

Men an equity offer is next made by Peico, Philips may pass on its rights in the issue to the new partner.

Indian Airlines increases fleet to improve profits

By K.K. Sharms in New Delhi

INDIAN AIRLINES, the carrier under strong attack for a detewhich operates mainly on domestic routes, expects to improve its profitability this year. This is because its fleet will be increased by the induc-tion of the first of 19 Airbus A300 aircraft it has ordered. and by using additional Boeing 737s and Soviet planes on

Shortage of aircraft has seriously affected Indian Airlines' performance because of accidents and grounding of some planes for maintenance. Cancellation and delays of flights eroded profitability, and the Government-owned corpora-tion now estimates its 1988-89 net profit at just Rs500m

This is a sharp fall from the Rs756m made in 1987-88 when Indian Airlines recorded its best results. The corporation expects to improve its performance this year with the arrival of the new aircraft. Four Boeing 737s and two Soviet aircraft have aircady joined its fleet, the first of the Airbuses is expected in June:

rioration in its services in the past year and it is seeking government approval to acquire more aircraft. This has been held up because of a shortage of hard currency but the company has made a strong case for priority treatment because of the foreign exchange it

earns from tourists.
Air India, the state-owned international airline, closed the last financial year with signs that it will bave made a profit of about Rs200m in 1988-89. This is a considerable improvement after a net loss of Rs434m the previous year. It reflects increased non-stop services to destinations in Europe, particularly London; Frankfurt and Paris, as well as one non-stop weekly flight to Tokyo. Faster services are now planned to

Air India has given a letter of intent to Airbus Industrie for purchase of two additional A310s for delivery next year. India's, third airline, Vayudoot, which operates mainly on less economical regional routes not served by Indian Airlines. option of buying another 12 as expects to make a loss of well as obtaining more on Rs63m in 1968-89, somewhat less than the loss of Rs78m reg-Indian Airlines has been istered the previous year.

Matsushita: 'god of management'

group known for its Panasonic and National branded con-sumer electronic products, died yesterday in an Osaka hospital at the age of 94. Mr Matsushita was regarded

as the "god of management" in Japan: first for his pioneering work in establishing mass production of consumer electrical products, and later for his numerous publications setting ont his management philoso-phy. "The real mission of Mat-sushita Electric is to produce an inexhaustible supply of sushita Electric is to produce an inexhaustible supply of goods, thus creating peace and prosperity throughout the lord in Wakayama Prefecture, lord in Wakayama

the company acquired a repu-tation as a brilliant follower, making its radios and televi-sions from concepts first advanced by other companies

such as Sony and then market-

ing them more successfully than their rivals. than their rivals.

Mr Matsushita retired in 1978 but remained active in various philanthropic causes, notably the Peace and Happiness Institute, which he founded in 1946 and the Matsushita School of Government and Management.

Perr the third con of a lend.

MR KONOSUKE Matsushita, land," he told his employees in founder of the Matsushita electronic products manufacturing

After the Second World War, cessful speculation in the rice futures market. At the age of nine, he started working as an apprentice at a charcoal bra-zier seller and later at a bicycle

shop. In 1910 he joined Osaka's electric power utility, but decided to leave eight years later when his superiors showed no interest in his ideas for improving electrical sockets. He set up an electric hulb manufacturing factory in a house he rented for Y16.5 a



Konosuke Matsushita: guru

Market share down Pickens rebuffed by for Ford Australia Koito a second time

By Stefan Wagstyl in Tokyo

MR T. BOONE Pickens, the Texan corporate raider, has been rebuffed a second time by Koito Manufacturing, the Japa-nese auto parts company where be has acquired a stake worth more than \$1bn.

Koito, which earlier refused an offer of management advice from Boone Co, Mr Pickens private investment company, this week rejected a request from Boone for three board seats. It is believed Boone asked for three because Toyota Motor, the top Japanese car maker which has 19 per cent of Koito, nominates three board

Boone acquired a 20.2 per cent stake in Kotto last month from Azabu, a grouping of property, car importing and investment companies headed by Mr Kitaro Watanabe, an aggressive stock market opera-tor. Mr. Watanabe sold his stock after failing to force Koito or Toyota to buy his shares back at inflated prices. In rejecting Mr Pickens' request, Koito raised the ques-tion of whether Boone Co has really bought Mr Watanabe's

In a letter to Boone Co, Koito said it was entitled to know

Midland Bank's

German unit slips

TRINKAUS & BURKHARDT, the majority-owned West Ger-man private-banking subsid-iary of Midland Bank, saw a fall of 12.9 per cent to DM72.1m (\$38.4m) in partial operating profit last year, mainly because of higher administrative spend-

ing and lower commissions, writes David Lascelles. Total assets grew 9.7 per cent to DM6.8bn.

whether any option, repurchase or security agreement or another arrangement covered the deal. It added: "Until these questions are satisfactorily addressed, we do not think it would be appropriate to respond formally to your

Meanwhile, the Ministry of Finance is investigating the way in which Azabu Motor, a member of the Azabu group acquired its stock. The minis-try believes Azabu infringed a law which came into effect last October, requiring holders of stakes of 10 per cent and more to disclose them.

Azabu held some of its shares ontright and some through margin transactions, in effect bought on credit at stockbrokers. The ownership of shares bought on margin stays with the broker until the shares are paid for in full. Nev-ertheless, the ministry suspects the 10 per cent level was breached before the shares passed to Boone Co.

Under the law, any profits made on the sale of illegally-held shares made within six months of the purchase can be claimed back by the target company, in this case Kolto.

The figures

By Chris Sherwell in Sydney

A SURGING domestic economy has helped Ford Australia lift its 1988 profits by 2½ times, but strong competition saw its market share slip across all vehicle categories. Figures released in Mel-

bourne yesterday for the Ausbourne yesterday for the Australian offshoot showed after-tax profits of A\$95m (US\$75.5m) for the year to December, np from A\$37.4m the previous year, on sales which rose 18 per cent.

But while Ford maintained

the largest slice of the market, its actual share slid from 28.6 per cent to 25.7 per cent. The figure for passenger cars, where competition has been toughest, dropped from 31.1 per cent to 28.1 per cent. There were also falls in the light, medium and heavy vehicle sec-

Mr Bill Dix, president of Ford Australia, attributed the group's improved profit to the success of its new Falcon range and the effectiveness of its long-term investment pro-gramme, which has cost A\$840m since 1985.

He said he was aiming for better results in the current year, when he expected the total market to increase by 11 per cent to 580,000 vehicles. The increase in 1988 was more than 15 per cent from the poor 1986 year. Ford has now managed to

retain market leadership over its four local rivals for seven consecutive years, dnring which time its Falcon has also been the best-selling car. The group has second place in the truck sector.

This year, the Falcon is under strong pressure from the Commodore, which is also being produced to an all-new design and is made by Holdens, part of the General Motors group of the US. The other local manufacturers are manufacturers are Toyota, Nissan and Mitsubishi.

All five benefit from import protection, though this is declining and the Australian Government's car plan is encouraging rationalisation. Ford, for example, has begun co-operating with Nissan to produce a medium-sized car. As a result the industry's future, according to Mr Dix yesterday, "now sppears much hrighter than during the past few years, and the groundwork is being laid for local manufacturers to become internationally competitive."

U.S. \$300,000,000



Woodside Financial Services Ltd. Guaranteed Floating Rate Notes due July 1997

Unconditionally Guarantead by **Australian Industry Development Corporation** In accordance with the terms and conditions of the Notes, notice is

hereby given, that for the Interest Period from April 28, 1989 to July 28, 1989 the Notes will carry an Interest Rata of 10%-% per annum. The amount payable on July 28, 1989 will be U.S. \$6,358.94 and U.S. \$254.36 respectively for Notes in denominations of U.S. \$250,000 and U.S. \$10,000.

By: The Chase Manhattan Bank, N.A.



Hispano Americano International Limited

U.S. \$ 100,000,000 **Primary Capital Guaranteed** Floating Rate Notes due 2006

with a substitution guarantee on a subordinated basis of Banco Hispano Americano, S. A.

In accordance with the provisions of the Notes notice is hereby given that for the str months period from April 25, 1989 to October 25, 1989 the Notes will carry an interest rate of 10%% per annum with a coupon amount of U.S. \$ 527.40.

> Frankfurt/Main, April 1989 COMMERZBANK

MAGAZINE PUBLISHING

The Financial Times proposes to publish this survey on: 23rd June 1989

or write to him at:

Number One Southwark Bridge

FINANCIAL TIMES

South African banks ahead

groups have been reporting strong results for the eix months to March, despite credit curbs and higher interest rates which restrained demand for consumer credit and mortgages. Nedcor, the third largest and

formerly named Nedbank, was helped by its merger with the South African Permanent Building Society.

Nedcor said yesterday that

its interim operating profit before tax and provisions for bad debts increased by half to

SOUTH AFRICA'S banking R210m (\$82.3m) from R140.6m in the corresponding period of 1988. Pre-tax profit rose to R178.8m from R114.6m.

First National Bank, the market leader, lifted total advances by 11 per cent. Banking margins widened as the Reserve Bank allowed interest rates to rise, and profit after tax for the former Banclays offshoot increased to R98.9m from

Advances increased to R23.44bn at the end of March from R21.10bn at the end of September and R18.79bn a year

earlier. Total assets were R30.23bn against R28.15bn at

the end of September. Net interest income rose 20.8 per cent to R548.4m. Although growth in demand for con-sumer and mortgage credit bas slowed, corporate demand for credit is rising, with increased spending on fixed assets.

Interim net earnings increased to 135.9 cents a share from 122.7 cents, and the dividend is unchanged at 35 cents. Last year's total earnings were 284.5 cents and the year's dividend was 112.5 cents.



SBC's new headquarters in Basel

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The key Swiss bank

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Mesars. Shareholders are hereby convened to attend the Ordinary General Meeting of the Company, which will be held in Brussels, at 52 rue de l'industrie, on May 12, 1969, at 3.00 p.m., with the following agenda:

52 rue de l'Industrie - B-1040 Brusse VAT No 403,079,441 - R.C. Brussels No 227,957

Reports of the Board of directors and of the auditors-comptrollers on the financial year 1988. Annual accounts as at the 31st December 1988.

Discharge to be given to the directors and to the auditors-comptrollers for the accomplishment of their duties in the course of the financial year 1968.

Statutory elections (directors and auditors-comptrollers).

Remunerations of the auditors-comptrollers.

The meeting will be preceded by the showing at 2.45 p.m. of a short film detailing the Group's activity during 1988. Mesers. Shareholders are cordially invited to be present.

The doors of the Assembly Hall will open at 2.15 p.m. As a consequence of Ascension Day and the bank holyday of May 5, 1989, in Belgium, holders of bearer hares are requested, if they intend to attend the meeting, to deposit their shares no later than following institutions:

Benque Bruxelles Lambert Banque Paribas Belgique Kradietbank Générale de Banque Banque Banque Nationale de Paris Crédit du Nord Banque Internationale à Luxembourg Banque Générale du Luxembourg Algemene Bank Nederland Amsterdam-Rotterdam Bank Commerzbank Deutsche Bank Orborder Bank Crédit Suisse Swiss Bank Corporation Union Bank of Switzerland Credit Suisse Swiss Bank Corporation Union Bank of Switzerland Credit Suisse Swiss Bank Corporation Union Bank of Switzerland Credit Suisse Swiss Bank Corporation Union Bank of Switzerland Credit Switzerland Banque Belge Ltd.

Shareholders who subscribed bearer shares in the course of the capital increase of February-March 1989 and wish to attend the meeting, are requested to notify their intent within the prescribed time to the financial institution where their subscription was received.

The Board of directors

New Issue

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(Kabushiki Kaisha Tomen)



41/s per cent. Guaranteed Notes due 1993

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The Nikko Securities Co., (Europe) Ltd.

This announcement appears as a matter of record only.

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April, 1989

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INTERNATIONAL CAPITAL MARKETS

Taking up the settlement gauntlet

Andrew Freeman on markets' initiatives to achieve standardisation

When an influential international thinktank like the Group of Thirty produces a major report, initial enthusiasm tends to give way to lethargy among all but a small percent-age of its audience.

However, despite its arcane subject, the recent report on Clearance and Settlement Systems in the World's Securiexception. Its authors believe that the importance of settlement, the hidden aspect of the frading and exchange of securities, has finally been recognised by records. nised by people who for years have deprived it of essential

investment.
The report was the Group of Thirty's response to a perception, largely generated by the poor records of particular markets such as Spain, Australia, the UK and Italy, that present standards of clearing and set-tlement are inefficient, generating hidden costs and unacceptable risk.
It made nine recommenda-

tions designed to reduce risk by encouraging the standardi-sation of settlement and clearing procedures on the world's major markets. An ambitious timetable for the implementa-tion of the changes was set

Among the suggested mea-sures were trade matching no later than one day after trade date (T+1); the creation of cen-tral depositories; the introduction of trade netting systems to pool transactions and offset buys and sells, as well as delivery versus payment systems to reduce exposure caused by delayed payments; the intro-duction of rolling settlement giving final settlement no later than T+3; and the use of standard international numbering for all securities.

A series of initiatives across the world's markets has fol-lowed publication of the report last month. Mr David Helland, executive director of the Group of Thirty, said: "The take-up of our recommendations has been way beyond our expectations."
Mr Holland thinks the inter-

est in the report is proof of the extent to which the importance of settlement and clearing systems is now recognised. However, he is quite clear on the Group of Thirty's post-pub-lication role. "We have parked our report and invited countries to get on with it. It's out

of our hands now."

Nevertheless, the Group of
Thirty is keeping a watching brief, using the experience and influence of its committee memhers to prod the more reluctant markets into action: In addition, an education

programme is under wey, whereby Mr Holland and others are visiting some of the world's smaller markets and attending seminars explaining This performs two functions.

First, it reassures countries that were not represented directly on the Group's working or steering committees that their opinions and markets are important. Second, it helps to persuade recalcitrants that the best way to raise the interna-tional profile of their market and stock exchanges is to aim for more efficient basic settle-

ment systems. In some of the more developed markets, there has been a rapid response to the report. In board of the Association of Swiss Exchanges agreed to act as an umbrella organisation under which a working group would be formed to produce a detailed assessment of the

Swiss market. That working group had its first meeting early this month and is now reviewing the markets to try and identify areas where progress will be needed to fulfil the report's recommen-

"We are not taking a mini-malist approach," said Mr Kurt Meuche, senior vice president of Union Bank of Switzerland. "The aim is to compare how tha Group of Thirty report. We will use them to give us direction, hut intend to go even further if we can. In Germany, Mr Henning

Tonsmann, senior vice president of Deutsche Bank, described a brief mood of selfcongratulation after the appearance of the report: There was a feeling that we sheady had many of the feetures recommended by the Group of Thirty, either in exis-tence or on the drawing

For example, Germany has an efficient settlement system offering settlement two days after trade date (T+2), better than the Group of Thirty's goal of international T+3 settle-

ment on all exchanges by 1992.

"There was some controversy here," said Mr. Tonsmann, "with some people arguing that we shouldn't in effect go backwards to go forward."

However, a consensus has subsequently been reached that Germany must not exclude itself from international standardisation.

The fate of the Group of Thirty's recommenda-tions lies in the hands of the long-estellished and influential working group for securities transactions matters which is an offshoot of the German Bankers Association. The working group is expected to make its own recommendations to the German securities

The federal system means that implementation of these recommendations will lie in the hands of the six Kassenver-ien, the regional bodies that oversee local markets and

However, it is understood that moves are underway to replace this unwieldy structure with a single entity responsible for the whole of Germany. Bankers point to the recen combining of rival stock exchange computer systems as an encouraging sign of prog-

One market that won praise for its response to the re-port was the UK, privately acknowledged to have been one of the problem markets identified by the Group of Thirty working committee.

Despite the UK securities markets' international pretensions, settlement procedures have long lacked investment. In 1987 there were notorious hacklogs as heavy trading caused a paper shuffle which at times bordered on farce.

London's custodian banks admit that a new surge in trading volumes would almost certainly lead to a repeat per-

Literally within hours of the report's publication, the formation of a steering group chaired by Mr Andrew Hugh-Smith, chairman of the International Stock Exchange, was

Since then, a further body has been discreetly created under the umbrella of the steering group, a working group that will report to Mr Hugh-Smith's committee. The membership of the working group is still being selected, but a chairman has been appointed and is drafting the group's terms of refer-

ence...
This speedy response was clearly inspired by a recogni-tion on the part of the exchange that it has to make a substantial investment in set-tlement and clearing if London is to retain its position as an important centre of interna-tional investment.

The UK picture is complicated by the presence of the Siscot committee which recently reported its proposals on the controversial Taurus settlement and registration system. There is an obvious danger that the plethora of committees might work at cross purposes, producing a mass of contradictory sugges-

However, members of the various committees stress the extent to which they are all in touch with each other. There is a real head of steam behind these proposals, said one senior banker, and we will be making sure we don't get our wires crossed." The responses of other markets will be examined in a further article next week.

OND SERVICE

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Foreigners invest less in Canada

FOREIGN INVESTORS bought a.net.C3554m (US\$466m) of outstanding Canadian securities in February after huying a net to ... Statistics "Canada, AP

reports. Non-residents C\$5.75bn of Canadian bonds and sold C\$5.32bn for a net investment of C\$435m in February. This was less than half of the amounts recorded in each of the two previous

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Statistics Canada said tha decline largely reflected sales by US residents. Overseas investors continued to increase their holdings of Canadian

Non-residents bong! C\$1.65bn of Canadian commo bonght and preferred shares and sold C\$1.53bn for a net investment of C\$119m in February. This contrasted with large net sales recorded throughout 1988. US investors were net buyers of Canadian stocks in January

and February while overseas investors continued to reduce their holdings of Canadian equities. In February, Canadians were net sellers of C\$31m of outstanding foreign securities. In January, Canadians bought a

net C\$412m of foreign securi-Canadians were net buyers of C\$348m of foreign bonds in February. These funds were mainly invested in US government securities. Canadians were net sellers of C\$380m of foreign common and preferred stocks in February.

German bourse chief to resign

MR MICHAEL Hauck, president of the Frankfurt bourse, will resign in July, Reuter reports.

Mr Hauck has held the post

since 1986 and would have been eligible to keep it until 1990. The bourse said his deci-sion to step down was a personal one. No successor has yet been named

Mr Hauck, who is also managing partner of Georg Hauck und Sohn Bankiers KGaA, said his departure would allow him to devote his full energy to the

FT Germany

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INTERNATIONAL CAPITAL MARKETS

Treasuries rally as Fed intervention tails off Sydney suspends trading

By Janet Bush in New York and Katharine Campbell and Norma Cohen in London

US TREASURY bonds rallied yesterday as several leading officials of the US Federal Reserve made it clear that the central bank had decided to stop tightening monetary pol-

GOVERNMENT BONDS

icy for the time being.

At midsession, bond prices were quoted as mncb as a point higher at the long-dated end of the market. The yield on the Treasury's benchmark long bond fell to 8.9 per cent.

The rally in bonds was somewhat surprising given that the market's recent strength had market's recent strength had been based on e more radical hope than simply that the Fed would not tighten any further. Buying had been prompted after the weak housing figures released for March by hopes that the Fed would actually

ease policy.
It has been fairly obvious for some time that the Fed has not been tightening, with the Fed

Funds rate sticking at 9# per cent to 9% per cent for weeks. Financial markets in recent weeks have shown a propen-sity to react to news develop-ments with a positive bias and yesterday's rally was no excep-

However, there was some genuine encouragement yester-day from the fact that the dollar beld steady despite the remarks on interest rates.

The market also reacted pos-itively to news of a smaller-than-expected rise in personal expenditure in March of only

0.2 per cent.
■ UK GOVERNMENT gilts prices closed with gains of up to h for medium-dated stocks although the longest issnes lost some ground as profescional investors shortened maturities. Retail activity was part light with most trading. very light, with most trading early in the day linked to speculation in the US press that the economy there is slowing and that no further rate rises are

necessary.

THE POSSIBLE political

fall-out from the extraordinary manner of delivery of tha Canadian budget made for a highly nervous bond market before finance minister Mr Michael Wilson faced the House of Commons yesterday morning.

Bonds were between 14 and % of e point weaker in thin trading. LAST WEEK'S rally in the Australian merket was soundly dented by reserve gov-ernor Mr Robert Johnston's lunchtime remarks that the economy was still growing too strongly, appearing to contradict the most recent reserve bank bulletin, which had suggested that demand had

peaked. Yields on the 10 year benchmark bond were 13.35 per cent at the close compared with 13.29 per cent on Wednesday, and continued rising during the London day.

• WEST GERMAN Chancellor Mr Helmut Kohl's announcement that the infamous withholding tax would indeed be abolished, setting a July 1 date,

		Совроп	Red Date	Price	Change	Yield	Week ago	Monti
UK GILTS	3	13.500	9/92	106-30	·1/32	10.99	11.28	10.78
		9.750	1/98	97-08	+ 6/32	10.23	10.48	10.10
		9.000	10/08	97-20	+ 10/32	9.26	9.45	8.14
US TREA	SURY .	8.875	2/99	98-30	+ 14/32	9.04	g 17	9.42
		8.875	2/10	99-18	+16/32	0.92	9.01	9.22
JAPAN	No 111	4.600	6/98	95.5981	+ 0.030	5.32	5.30	5.14
	No 2	5.700	3/07	108.1117	-0.100	5.05	5.10	S.05
GERMAN	Y	6.375	11/98	96,4500	-D.100	6.88	6.86	6.98
FRANCE	BTAN	8,000	1/94	96.4003	+0.092	8.94	8.95	9.16
•	OAT	8.125	5/99	95.2100	-0.300	8.86	8.81	9.03
CANADA	•	10.250	12/98	100.5000	+0.125	10.18	10.29	10.69
NETHERL	ANDS	9.7500	10/98	97.3760	-0.100	7.13	7.00	7.13
AUSTRAL	A	12.000	7/98	92.2157	-0.754	13.40	12.45	13.58

failed to interest the bond market, which is now preoccupied with currency weakness and inflationary pressures. Active selling by investors as well as dealers was reported in both Frankfurt and London. The 7 per cent federal bond due 1999 was fixed 15 pfennigs lower at

101.05, to yield 6.85 per cent.

• THE SWEDISH bond mar ket advanced firmly yesterday after initial nervousness when the central bank raised the offi cial discount rate one percent age point to 9.5 per cent. While yields on 10-year government bonds had fallen as low as 11.25 per cent, they closed the day at 11.11 per cent.

Technical DetaiATLAS Price So.

in Liffe-linked contracts

THE SYDNEY Futures Exchange yesterday suspended trading in its two futures contracts that are linked to Liffe in London, effective from Mondon.

The sudden decision, made in agreement with Liffe, is the result of low trading volumes since the contracts, for US Treasury bonds and Eurodollar interest rates, were first introduced in October 1966.

Both sides insisted that the

spension did not terminate their formal linkage arrange-ments. These or other contracts, they said, would be con-sidered for linked trading if the circumstances or opportunity arose in the future.

Under the arrangements, a position opened on the Sydney exchange can be closed on Liffe, and vice versa, because the contracts would be cleared tbrough Liffe clearing mem-bers and the International Commoditles Clearing House in London.

A similar arrangement is in place between Singapore's Simex futures exchange and the Chicago Mercantile Exchange and one problem for Sydney and Liffe may bave been that its Eurodoliar con-tract is relatively indistin-guishable from that traded in Singapore and Chicago.

in calendar 1988, only 215 Eurodollar contracts were traded, with 205 of those in the first three months. In the first three months of this year, only the Treasury bond contract the picture is even gloomier. Volume in 1988 was 20, and so far this year, nil.

Commenting on the suspension. Mr Desmond Brook, general manager for business development on the Sydney exchange, said the lack of interest made it "sensible to take these products off the

He added that the agreement with Liffe was entirely amicable. "It is a delisting of the products, not a breaking of the link." There were no regrets about starting the contracts, but there was no new product to replace them.

The decision Inevitably raises questions about the future of other contracts trading in low volumes ou the Sydnev exchange. They include the gold futures contract, which is fungible with Conicx in New York, the Australian dollar futures contract, which commenced trading in its curlive cattle and wool contracts.

Syndicate managers jolted into action by late issues

A LATE FLURRY of new-issue activity dragged Eurobond eyndicate managers out of their somnolence yesterday. However, opportunities to launch deals were restricted to a small number of sectors. Secondary market trading remained

Dealers in the Canadian dollar sector were kept busy fol-lowing the leaking of the Canadian Budget which included news that the budget deficit is unexpectedly set to rise.

There were complaints when the prices of Canadian government bonds in London were marked down by about half a point and the bid-offer spreads widened sharply in response to:

the news. One trader said it had been difficult to make prices of Eurobonds when no one knew

bond price. effect on Wednesday's C\$200m World Bank issue. The sevenyear bonds were marked down. by % point to less 1% bld by Banque Paribas Capital Mar-kets, lead manager of the deal.

This took the issue outside underwriting fees, but

(and

appeared to have the desired effect of discouraging whole-sale dumping of the paper. As the government bond market rallied, the bonds improved to close at less 1.30 bid, still outside fees of 1% per cent. Among new issues, a Fl 300m 10-year deal for the World Bank was brought by Amro Bank. The bonds came with a coupon of .7% per cent and

were priced at 100.80 per cent. The lead manager said it was too early to make a grey mar-Credit Lyonnais was the lead manager of an Ecu100m issue for Societé Nationale des Chemins de Fer (SNCF), the stateowned railway company. The per cent coupon and were priced at 102 per cent.

The deal was launched too the equivalent government: late for there to be significant grey market trading, but initial indications were that the bonds would open at around less 2 bid, a discount equivalent to underwriting commissions of 2 per cent. Traders commented that the coupon should eventually attract retail investors, but said the recep-tion had been muted:

FT-ACTUARIES SHARE INDICES

	VEW	INTE	RNATIO	NAL	BOND	ISSU	ES .
Borrower US DOLLARS Issue update:	A	knount m.	Coupon %	Price	Maturity	Fees	Book runner
Daiken Trade&ind. • • (d) Tokyo Tatemono • • (d) Mitsubishi Corp. • • (d) Nippon Paint • (d)		100 200 1.5bn 150	414 414 438 414	100 100 100 100	1993 1993 1994 1993	112/34 112/34 112/34 112/34	Daiwa (Europe) Oalwa (Europe) Nikko Sees.(Europ
GUILDERS Rank Xerox Fin.♦ . World Bank♦		· 100	71 ₆	101 ¹ 4 100.80	1994 1999	134/58	Algemene Bank AMRO Bank
Swiss Francs Dai-Ich) HotelS(g) Towa Real Estate Dev.5∳(alleaue updates;)	50 200	(¹ 2)	100 100	1994 1994	n/a n/a	Gwiss Volksbank Credit Suisse
Kawasaki Kasei Chem.\$⊕(b Fuji Bank\$⊕(c) Tokyo Tatemono\$★★⊕(e))	50 300 130	12 0	100 100 100	1991 1993 1994	134/158 178 n/a	SBC SBC Ues
ECUs SNCF∳		100	9	102	1999	134/34	Credit Lyonnals
YEN Fujikura Int. Man.◆ Montreal Trust◆		5bn 6bn	7.325 5 ¹ 4	102 1015 ₈	1999 1993	114/34	Nomura Int. Sumitomo Fin.Int.

114/5 IBJ Int. ◆Final terms. \$Convertible. ◆Equity warrants. ★★Private placement, a)Put option 31/3/92 at 105 to yield 2.205, b)Put option 30/9/91 at 103 % to yield 2.087, c)Part of a two tranche issue.Put option 31/3/91 at 102 % to yield 1.872, d)Coupon cut by %; e)Put option 30/6/92 at 108 % to yield 2.683, f)Coupon Payable in A\$ at rate of Yan 104.99 to A\$, g)Indicated put option 31/3/92.

The guilder sector was also tapped by Rank Xerox Finance. Algemene Bank was the lead manager of a Fl 100m five-year deal which came with a 7% per cent coupon and was

quoted at less 1% bid, on fees. In Switzerland yesterday, traders reported quiet market conditions. A SFr200m fiveyear convertible notes issue for Towa Real Estate Development

was brought by Crédit Suisse despite the recent poor performance of similar paper for other Japanese borrowers. The paper was quoted by the lead manager at less 1% bid.

1,408

Security Pacific in ADR issue

By Norma Cohen

SECURITY Pacific Bank has filed with the Securities and Exchange Commission to offer American depository receipts backed by Canadian govern-ment bonds which will trade in

But, unlike an earlier issue of similar securities backed by French government bonds, the ADRs are not sponsored by the

Canadian Suthorities. Last September, France sponsored a similar pro-gramme of ADRs, backed by government debt, whose securities are traded on the New York Stock Exchange, Managers for the issue — Burns, Fry and Bear Steams — are holding informal discussions with US exchanges about the possi-

bility of a listing. Currently, SEC rules do not allow unsponsored foreign securities to be traded on US exchanges without specific per-mission, but officials at Burns, Fry said that such permission may not be needed for ADRs backed by seasoned government bonds.

However, Mr Carl Wostenbolme, manager of government services at Burns, Fry, said that if no listing is possible, the ADRs will trade over-the-counter.

The proposed ADRs, for which the prospectus has yet to be approved by the SEC, will be backed by C\$100m of 10 per cent Canadian government bonds due June 2008.

Mr Wostenbolme said the Canadlan Government had declined to sponsor the issue, as it saw no particular benefit in an ADR programme at this

The French Government's ADRs have met very aluggish demand since their launch last autumn. CL-Global Partners. architects of the French securities, and Bank of New York, the depository agent, agree that the main difficulty In selling the ADRs is that yields on French government bonds are below those available on US

Treasuries. Also, the strength of the dollar has discouraged US investors from diversifying out of dollars.

However. Mr Wostenbolms said be believes that the Canadian government bond-backed ADRs will have a wider appeal. benefiting mainly from the proximity of Canada to the US and from American familiarity with its economy and cur-

rency.
Also, Canadian dollar bonds

LONDON TRADED OPTIONS

offer a yield pick-up over US This should be sufficient to

offset American investors' fears about foreign exchange The securities are aimed at

smaller retail investors who typically do not buy securities directly in the Canadian government bond markets. The ADRs offer the advantage of incorporating all the custodial functions required by those accounts needing physical delivery, and they allow for foreign exchange translation at wholesale rates.

Managers for the issue do not view the Canadian Government's refusal to sponsor the ADRs as significant.

However, it remains to be seen whether such sponsorship - and the ability to trade the securitles on a major US stock exchange - provide investors with the assurance of liquidity

and safety that they need,
Bank of New York, for
instance, said it is talking to
several foreign governments
about sponsored ADR programs backed by their domes-tic debt, and that it expects two or three of these issues to materialise before the end of

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

LONDON RECENT ISSUES

	the Institute	OF AC	tuarie	s and	the Fa	culty	of Ac	fracje	-		
	EQUITY GROUPS	-	Thurs	day A	ril 27	1989		Wed Apr 26	Tue Apr 25	Mon Apr 24	Year ago Cappro
	& SUB-SECTIONS			Est. Earnings	Gross Olv.	Est. P/E	xd adj.				
-	gures in parentheses show number of stocks per section	No.	Day's Change %	Yield%	Yield% (Act. at. (25%)	Ratio	1989 to date	Index No.	Index No.	Index No.	Inde No.
1	CAPITAL 6009\$ (207)	·951.98	+1.6	10.57	4.06	11.62	9.80	943.80	939.86	923.16	
2	Building Materials (29) Contracting, Construction (38)	1198.23	+0.8	11.89	4.27	10.28	9.68	1188.95	1168.33		
3	Contracting, Construction (38)	1/19.86	+0.9	12.72	4.08	10.27	25.93		1678.23		
4	Electricals (10)	2144 20	+2.3	8.50	4.35	14.35	25.01	2757.91			
5	Mechanical Engineering (54)	E17.24	+1.1	8.77	3.99	14.78	12.86 6.73	2343.00 505.52	2119.82 498.59	2091.51 494.62	
•	Metals and Metal Forming (7)	547 24	+1.0	14.18	5.53	7.97	0.60	536,80	534.87	533.41	446
,	Motors (17)		+0.5	11.72	4.82	9.97	5.78	312.05	306.75	305.44	272
	Other Industrial Materials (22):		+0.8	9.22	4.27	12.93	21.63	1569.96			
ı	CONSUMER GROUP (185)		+0.0	8.92	3.63	14.07	8.49	1194.41	1182.08		1068
	Returns and Olesillers (22)	11326 12	+1.9	9.73	3.45	13.01	9.88	1303.91		1286.41	
	Food Manufacturing (20)	1034.69	+0.6	9.48	3.99	13.01	11.32	1026.84	1018.78	1016.64	912
5	Food Retailing (3.5)	2179.28	0.3	8.58	3.30	15.34	14.57	2186.14	27.38.89		
1	Health and Household (14)	2298.96	-+0.5	6.23	2.55	18.34	9.00	2278.44	2270.91		
)	Leisure (33)	18009.81	. +6.9	7.67	3,39	16.41	14.64	1586.96			
ļ	Packaging & Paper (15) Publishing & Printing (16)	571.70	+0.3	10.24	4,25	12.03	6.99	570.25	565.16	563.48	484.
1	Publishing & Printing (18)	3334.07	+0.7	9.23	4.37	13.57	32.54	3509.5Z		3466.81	3298.
ı	Stores (33) Textiles (15)	630 40	+0.6	11.12	4.51 5.25	11.79 18.52	1.83 8.60	780.77 528.28	770.72 524.03	762.48 521.85	834. 606.
ì	OTHER GROUPS (95)	227.07	+1.0	9.99	4.13	12.22		1967.03			869.
ì	A-a-a-les (10)	1282 87	+0.4	7.27	2.54	17.60	13.24	1277.24	1263.05	1254.27	1126
i	Chemicals (22)-	1249.72	+2.0	10.99	4.75	10.79	21.34	1216.00			989.
ú	Agencies (10) Chemicals (22) Conglomerates (12) Transport (13) Telephone Networks (2)	1575.01	+1.6	9.84	4.44	11.85		1550.92	1522.41	1515,03	1160
١	Transport (1.3)	2403.47	+0.7	8.23	: 3.59	15.76	20.16	2387.49	2368.12		1882.
ŀ	Telephone Networks (2)	1184.29		10.63	4,25	12.23	0.00	1103,73	1086.86	1085.33	967.
1	MISCELLAREOUS (ZO)	140730	+1.2	10.66	4.04	16.67	21.21	1446_17	1439.82	1435.93	1124.
ı	INOUSTRIAL GROUP (487)	1123.93	+0.9	9.68	3,89	12.77	9.08	1113.98	1161.17	1096,27	945.
Į	Oli & Gas (13)	2437.55	+1.4	9.77	5.45	13.14	41.32	2889.26	2008.48	2005.01	1853.
۱	50D SHARE INDEX (500)	1201.33	+1.0	9.69	4.16	12.82	11.69	1189.92	1177.95	1173.13	1022
1	FINANCIAL GROUP (123)	737.01	+0.5		5.23	- 1	13.90	733.15	729.70	724.06	467.
1	Banks (8)	729.96	+0.6	24.39	6.54	5.38	20.35	725.95	719.69	783_15	617.
i	Insurance (Life) (8)	1043.05	+8.3	- 1	5.72	- [1039.53		975.
١	Insurance (Composite) (7)	584.21	+0.4		5.90	75.76	13.65	581.70	583.57	578.32	541. 902.
١	Insurance (Brokers) (7) Merchant Banks (11)	952.47 333.00	+0.3	8.83	4.62	15.10	26.01 3.63	949.74 331.52	950.39 331.44	932.45 332.14	345.
1	Property (52)	1214 84	+0.2	5.89	2.75	21.37		1303.41	1292.11	1291.42	
ıl	Other Financial (30)	371.05	+0.3	10.00	5.66	12.58	4.03	379.06	368.97	367.43	389.
f	Investment Trusts (72)	1234.00	+0.6		2.83	_ 1		1187.87		1096.60	871.4
1	Mining Finance (2)	656.83	+2.0	8.82	3.88	12.52	10.45	644.24	628.50	637.59	462.8
ĺ	Investment Trusts (72) Mining Finance (2) Overseas Traders (8)	1404.20	+1.0	9.47	4.95	12.23					1941.
١	ALL-SHARE INDEX (705)	1058.10	+8.9	_	4.23		12.85	1078.39	1068.33	1863.66	928.
İ		Index No.	Day's Change	Day's Hiob (a)	Day's	Apr 26	Apr 25	Apr 24	Apr 21	Apr 20	Year

FIXED INTEREST							AVERAGE GROSS REDEMPTION YIELDS	Thu Apr 27	Wed Apr 26	Year ago (approx.
PRICE INOICES	Thu And 27	Day's change %	- Wed . Anr. 26	rd adj. today	xd sdj. 1989 to date	. =	British Gevernment Low Syears Coupons 15 years 25 years		9.77 9.21 9.05	5.85 9.22 9.08
British Government 1 5 years	117.97 133.24 145.17	+0.13 +0.19	117.90 133.06 144.91 166.93	-	3.93 4.48 5.33 6.10	67 B 9	Medium 5 years	9.65 9.21 10.79	10.69 9.66 9.23 10.81 9.98 9.43	9.33 9.44 9.25 9.41 9.59 9.31
Index-Linked 5 years	131.08 133.16 132.13	+0.36 -0.06	130.93 132.69 132.21	-	4,47 1,36 1,28 - 1,27	11 12 13	Index-Linked Inflation rate 5% Over 5 yrs. Inflation rate 10% Over 5 yrs. Inflation rate 10% Over 5 yrs.	3.65 3.63	5.77 3.63 2.82 3.45	2.36 3.75 1.41 3.58
B All stocks	115.02	+0.44	ļ		3.29 2.81	15 16 17	Deks & 5 years	11.88 11.27 11.26	11.88 11.33 11.33	10.67 10.52 10.52 9.85

F.P. 5550 5700 Dot 14 789 Dr. Reg FF715 5850 +50 10.5 1.6 2.0 42.5 1	QUI	115										_	
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100 F.P. 1008 1009 1	Ĭ	F.P.		595	5700	Dot 4 '891	Dir Reg) FFr15	5850 30	+50		•		١.
It F.P. 108 108 107 108 107 108 17 18 18 58 11.3 1.5 1	50	F.P.		1	47	CST Emergi Do. Warras	ing Asia Tst. 10p . its	48 28		:	:	:	
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Stack		1	. 1	Date									
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Stack	100 101a				302m	200m	Duyer 7.25pz Cz	W. Cust.	Rou.Pr Red.Pr	i. <u></u>	4	170 170	
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80 Mil 23/5 16 1/5m 5pm Recurry Perorleum & Nau. Res. Ir5g 49m 2 270 Min 15/6 38pm 22/5pm Devende Li A.1 5p 23pm 1-275 Mil 15/6 64pm 47pm ES Group 64pm 47pm 28/5 Mil 10/5 44pm 38pm Meta. anglin & Harrey 41pm -2 28/5 Mil 28/4 85pm Western Mator 85pm 47 41pm 2 28/4 41pm	9	1 10	ii i			1½pm 6½pm	Bear Brand 9Cingau Gold M	ìres 10a			61-	BB 1	+ 1 ₄
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Agentalised dividend in Figures based on prospector estimates (i Dividend rate paid or payable on part of capital.	缆) NI	t i	10/5	64pm 44pm	47 pm 38pm	McLaughile & H Western Marc-	arecy	~·		41 25	pm pm	+7 -2 +7
				Là Figure	s based or	biosbectes	estimates d Diri	dend rate	pald o	r payable o	on part	0 12	لحائم
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Wellcome advances 35% to £128m

By Vanessa Houlder

ceutical company, announced a 35 per cent rise in pre-tax profits from £94.8m to £128.2m for the six months to February 25. moved ahead hy 38 per cent to Although the results were broadly in line with expecta-tions, the share price fell 17p to an oral treatment in Japan. 478p. This followed some disappointment about the growth of director, said that Wellcome Retrovir, the only licensed medication for treating Aids. Its sales reached £59m, com-pared with £40m in the first

half of the last financial year and £50m in the second balf. The company said it was not concerned by the slowdown in the growth of Retrovir, which it said was still at an early

WELLCOME, the pharma- for patients who have not yet developed full-hlown AIDS. Sales of Zovirax, for the £130m (£94m). Its sales were

> Dr Trevor Jones, research was extending its clinical trials on Zovirax to include diseases already received approvals for its use with shingles in several European and south east Asian countries.
> The next products expected

to come onto the market include Wellbutrin, a new antistage in its development. Over the next two years, the company is engaged in clinical trials aimed at getting a licence clinical trials and a regulatory application is expected to be submitted in the next lew

In the US, which accounted for 51 per cent of trading profit, there was a fall of about 15 per cent in sales of products which were no longer protected hy patents. Dr Howard Schaeffer, research director, said that Wellcome had reorganised its marketing effort in an attempt to ward off generic competi-

Sir Alfred Shepperd, chairman and chief executive, said that Wellcome had no acquisition plans at present. He did not accept the argument that companies had to be gigantic to be winners, he said. Overall, turnover increased by 14 per cent to £672.7m

(£588m). Currency fluctuations had no material effect on the figures, in marked contrast with recent results.

Research and development spending increased from 274.8m to £37.8m. In addition, the company said it was spending more on environmental concerns. Gearing stood at 9 per cent at the end of the period, compared with 13 per cent last August. The contract for the sale of

Coopers Animal Health Group to the International Mineral and Chemical Corporation of America is expected to be signed shortly.

Earnings per share increased from 6.6p to 8.8p. An interim dividend of 1.3p (1p) was

ICI beats City forecasts in first quarter

IMPERIAL CHEMICAL Industries, the UK's biggest chemical company, yesterday surpassed analysts' expectations by announcing a 23 per cent rise in pre-tax profits for

the first quarter of 1989.

Pre-tax profits reached £442m (£358m), which represents a 30 per cent rise from the £340m scored in the last quarter of 1988. The company said the results demonstrated its strength and momentum.

The next quarter promised to be satisfactory, it added.
Analysts' forecasts had ranged between about £380m and £410m, so the figures resulted in a 34p rise in the

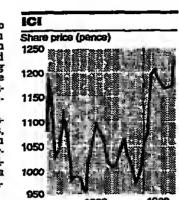
which was accounted for by price rises and 4 per cent was increase and the introduction due to growth io sales vol- of a sales tax in Japan at the

The improvement was due to a good performance from nearly all the group's main businesses, which reinforced the normal seasonal opswing in the agriculture division. The strength of the pound weak-eoed profits by about £20m-

However a decline was regis tered by other effect products, which fell from £54m to £31m as a result of pressure on margins in films and higher development costs in its image data and advanced materials busi-

The pharmaceutical division performed well with pre-tax share price to 1232p.

Turnover increased by 9 per cent to £3.21bn, 5 per cent of which was accentuated by strong demand ahead of a price



beginning of April. Overall, the consumer and speciality prod-ucts division contributed £1m less at £142m

Profits advanced strongly in the main industrial products

business to £225m (£173m) as demand remained strong. After last year'e restructuring, fertilizers moved from a loss of £9m to a profit of £2m. This helped the agriculture division increase profits from £34m to

Earnings per share increased from 31.5p to 39.2p. ICI also announced yesterday the acquisition of Avalon Chemical Company, which formulates polyurethane chemicals for footwear applications, from C&J Clark.

The acquisition which has a

The acquisition, which has a turnover of £25m is expected to provide increased geographic market coverage and broaden the product range of ICI Poly-urethanes. Avalon's strength in the casual shoe and work boot market is expected to complement ICI's strength in the sport shoe sector.

Adviser takes option over 29.9% in Lodge Care

By Andrew Hill

subscribers

"The 1968 Genres

The graph reflects the

sam, the majority shareholder place with Pavilion Leisure, in Lodge Care, yesterday which owns theatres, golf sealed its relationship with the courses and a hotel, and with nursing and residential care homes operator by taking an option over a 29.9 per cent

At the beginning of last Lodge Care's chairman and a month, Lodge Care announced director of Gamlestaden, said

GAMLESTADEN, which acts it had received a bid approach as adviser to Mr Shiraz Kas- and informal discussions took Mr George Martin, the former LandLeisure chief executive who now heads Pavilion.

ment role, as it had done in the

ment role, as it had done in the past with Bullough, the diversified engineering group.
Gamlestaden, the London arm of Nobel Industries' Swedish banking operation, advised Mr. Kassam's family trust and Dr. Richard Ng, when they took taden's managing director, is also joining Lodge Care's board.

Lodge Care had eventually control of USM-quoted Lodge Care last July. They now hold about 70 per cent and Gamlesment role, as it had done in the

BMP 'commended merger' in the past

By Nikki Talt

SNIPING BETWEEN Boulet Dru Dupuy Petit, the Parlsbased advertising group, and its UK bid target, Boase Mas-simi Pollitt, stepped up yester-day as the bidder published extracts from a BMP memo-randum commending a merger between the two groups. The

In a new letter to sharehold-"abneive and inaccurate attacks" which it alleges will have unsettled clients and

staff.

And in a pre-emptive attack on any profits figures which may be put forward by BMP for the year to end-March, it tells shareholders, "you should consider very carefully the real underlying performance and be wary of the impact of non-recurring items such as pension holidays and the impact of any provisions arising for the merger with Davidson Pearce".

on Pearce".

The document hrought a swift retort from BMP, which said that it added nothing to the bidder's arguments "nor reduces BMP's serious con-cerns about the precarious nature of EDDP's financing". The various extracts from the memo describe the pro-posed merger as a "tremen-

donsly exciting prospect" which could "bring major benefits to both of Yesterday, however, BMP pointed out that it was almost two years old, and said that it had never concealed the fact that the groups had talked in

the past.
The new BDDP document The new BDDP document also contains fuller details of the French company's financing arrangements. Vesterday, its advisers said that publication of these had been at request of the authorities, but that there had been no changes in the financing structure.

BMP said that its advisers had been contacted by Werth-eim Schroder, which had built np a stake of almost 4 per cent, adding that it had been a typical "arbitrageur's call" suggesting that BMP should talk to BDDP.

Growth in all divisions helps Redland improve to £221.5m

By Clare Pearson

REDLAND, the building its broad spread of businesses materials group, reported pre- across the world. The company materials group, reported pre-tax profits of £2215m, and earnings per share of 523p, for the year to end-December. The comparable figures for calendar 1987 were £185.1m and

43.2p.
This marked the first time Redland had reported on the period to end-December rather period to end-December rather than that ending in March, and all other financial comparisons it supplied yesterday were with the year to March 31 1968. On this basis, the 1988 pre-tax profits were 20 per cent, and earnings per share 21 per cent, higher.

higher.
The strength of sterling took £3m from the pre-tax figure. There is a final dividend of 13.55p (10.85p), making 19.8p (15.85p) for the year.
Redland said it was confident of the outlook, pointing to its low exposure to housing in the UK — which accounts for under 10 per cent of group profits, its strengths in repair.

profits, its strengths in repair and maintenance markets, and

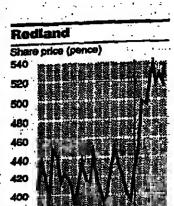
is planning capital expanditure of about £160m, up from £120m,

in the current year.

The contributions of the various divisions to operating profits were as follows: roofing put in £96.3m (£75.5m), aggregates £85.2m (£86.1m) and hricks £28.5m (£25.4m), with the balance — chiefly the stake in British Fuels, disposed of last December for £70m cash coming out at £21.1m (£29.2m). The roofing companies in all

areas of the world experienced good demand Redland Bricks in the UK operated to full capacity throughout the year, while brick profits in the Netherlands were hit by overcapacity.
In December Redland formed a
joint venture with CSR of
Australia to acquire PGH,
an Australian brick pro-

ducer. On its joint venture with CSR to supply plasterboard into the UK market, which is



dominated by BPB Industries, Redland said performance was in "in line with plan". Price cuts by BPB early this year had triggered a similar move by Redland, but a 7 per cent market share had been won using imported board ahead of a new plant coming on stream in Bristol in the autumn.

	Current payment	Date of payment		Total for year	Total iast year
AMECfin	10.75†	July a	8.25	17	13
Bertrams Inv Tr	0.9		0.75		2.2
Clarkson (H)fin	4		3.25	6.25	5.25
Dake Simpsonint	3.	June 30	3	-	10.95
Executex Clothesfir	n# :	-	1.5	1.5	3"
Fenner (JH)Int	3.21	July 3	3		7.5
Five Cake tove. ,int	0.6		กป		1.25
Jermyn investfin	2.5		. 2.5 .	2.5	. 2.5
Redlandfin	13.55	July 24	10.85	. 19.8	15.88
Scott Met Propint	2.25		. 2	-	5.1
Sherwood Comptsfin	pii	- · · ·	3	· nii · · ·	4.5
Smallshaw (RL)fin	2.25		2.25	3	. 3
S&U Storesfin	3	-	2.75	4.25	4 :
TV-amfin	5	Juna 9	3.5	6.5	4.5
Wellcomeint	1.3	June 15	1	-	3.6

BOARD MEETINGS

Ventures, Securities Tet of Scr Slingsby, Thereis, WA Holdings, Welfer Warnie Colliery.
Interioris DATES
M & O

SHARE STAKES

The following changes in company share etakes were announced recently: Haynes Publishing Group – JH Haynes, a director, has dis-posed of 10,000 ordinary, reduc-ing the holding to 3,06m (51.1

ing the holding to about (oral) per cent).

Morgan Grenfell Group.

Dewey Warren Holdings is interested in 9.23m (6 per cent).

Multitone Electronics — Mr Iap Karten, a director, has acquired 330,000 ordinary, increasing his holding to 7.38m

(49.22 per cent). Pentos – Prudential Portfolio Managers has acquired 450,000 ordinary through a change in funds under management and now holds 5.52m (5.63 per cent). Flumb Holdings — Raine Industries has raised its hold-ing to 2.01m ordinary (16.05 per cent) with the acquisition of 103,000 at 208p each.
Randsworth Trust - Priest
Marians has bought 2.41m ordinary (4.2 per cent) for £6.5m

Really Useful Group - Mr Andrew Lloyd Webber has dis-

posed of 135,000 ordinary at 640p each, reducing his holding to 4.22m (38.1 per cent).

... Enrolled 1,200 people a day in 1988?

... Saw the number of subscribers increase by 21% four times the growth rate of the rest of the UK medical insurance market?

... Produced 55% of the total growth of private medical insurance in the UK in 1988?

... Had a low budget insurance plan for the over 60's available years before tax relief was announced?

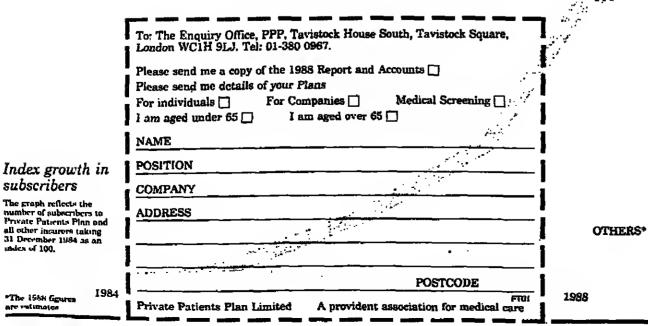
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ABBEY NATIONAL

Abbey National received the overwhelming support of its members for its plans to become a public limited company. We are advising Abbey National on its proposed conversion and flotation.

MAGNET

A management buyout team announced a recommended offer for Magnet. We are advising Magnet's independent directors.

STEEL BURRILL JONES

We made a recommended offer, on behalf of Steel Burrill Jones, for the Devitt Group. The offer values the Devitt Group at £20.6 million and we have underwritten a cash alternative.

BASS

Bass issued £150 million of 10 3/8 per cent Debenture Stock 2016 as the initial tranche of a £250 million issue, the largest long-dated corporate bond issue this year. We are lead manager to the issue.

BEECHAM

Beecham and SmithKline Beckman announced merger proposals to create one of the world's largest pharmaceutical and health care companies. We are advising Beecham.

BOWATER INDUSTRIES

We made a recommended offer, on behalf of Bowater Industries, for Viking Packaging Group: The cash alternative values Viking at £16.4 million.

UNITECH

Unitech announced the acquisition of Wells Electronics Inc of the US, for US\$20 million. Unitech has financed the acquisition by a vendor placing of ordinary shares. We advised Unitech on the acquisition and the placing.

BUDGENS

William Low made a £155 million recommended offer for Budgens. We are advising Budgens.

NORDIC CONSTRUCTION COMPANY NCC, of Sweden, a subsidiary of the Nordstjernan Group, has purchased 30 per cent of the share capital of Denmark's largest construction company, Rasmussen & Schietz. We advised NCC and its parent company.

The Kleinwort Benson Group

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UK COMPANY NEWS

Enlarged AMEC surges to £61.6m Plessey formulates

aclps

AMEC, the engineering and construction company, which paid £130m to buy Matthew Hall last November, saw its pre-tax profits rise by nearly 80 per cent to £61.6m, on an increase in turnover from £793.6m to £1.31bn, in the year

to end-December.

Mr Alan Cockshaw, chairman, said 1988 had seen AMEC take important strategic strides. These were its £83m rights issue, its May purchase of the remaining 50 per cent of Fairclough Homes, and the acquisition of Matthew Hall.

He said the company's order book for the current year stood at a record level, reflecting the wide range of engineering and

wide range of engineering and construction skills it now had Although growth on the housebuilding side was not expected to be strong, the company's presence in the north of England, where the market was still buoyant, was a halpful factor.

Overseas, the Matthew Hall

comes less than two weeks after it announced an agreed 253.3m bid for UK car dealer

Keep Trust.
The consideration for P.J.D.

Investment Company, holding company for freezer concerns Press-O-Matic and Novum

By Clare Pearson

acquisition, which had now been brought into one with AMEC, had substantially enhanced the company's presence in the US and Australia. In Europe, Amec now had operations in Holland and France, and had recently established a joint proper second. ished a joint venture company in Portugal, which Mr Gock-shaw said might be the first of a number of other such moves.

Some delays on the civil engineering side meant building and civil engineering provided pre-tax profits of £17.8m (£18.2m) on turnover of £51.0m (£17.3m). Meaning and electrical profits of £17.3m. (£471.5m). Mechanical and electrical engineering put in £12.1m (£7.7m) on £437.8m (£347.4m), and property development and housing £28.8m (£8.6m) on sales of £249.7m (£5.4m)

Fitzwilton makes further acquisitions

FITZWILTON, the Irish investment company, yester-day said it planned to pay IE14.8m (£12.4m) for two freezer manufacturers, in a move that There is a deferred payment through the issue of 5.3m pre-tax profits to IE5.26m (IE541.000), reflecting its vigorous expansion.

There is a deferred payment through the remainder of Figure 2 and t

of IR£2m depending on the two companies' profitability up to December. They made I£1.9m

after tax in the year to year to

Fitzwilton also announced yesterday results for the 18 months to end-December,

end-June 1988.



Alan Cockshaw, chairman: the order book is at a record level share of turnover of related

On a fully dilnted basis, earnings per share moved ahead from 34p to 47.8p. The final dividend is set at 10.75p

of Keep Trust's non-motor

companies produced the final

(8.25p) making 17p (13p) for the

COMMENT

The wisdom of the Matthew Hall acquisition was never really in doubt, but if valida-tion were needed yesterday's news that AMEC had already managed to take 25m worth of costs out of the group since it was bought certainly provided it. The company is widely admired, not least because its essertion that its extremely broad range of activities is without compare among UK quoted companies is actually true. Aside from the competitive edge with which this dis-tinction provides it, its geo-graphical configuration and prowess at systems and con-trols are also plus points. This year should see pre-tax profits rising healthily to ebout £105m: after a run-up recently, the shares, on a prospective p/e of just under 8 are still not

BP to pay dividends every quarter

At British Petroleum's annual general meeting, Sir Peter Wal-ters, the chairman, told share-holders that in future the company would pay quarterly dividends, in a move designed to encourage greater accep-tance of the group's equity in

alternatives against GEC/Siemens bid

PLESSEY, the embattled UK electronics company, yesterday said it was reviewing various alternatives to a bid by the General Electric Company of the UK and Siemens of West

Germany in order to maintain its independence.

If also said it was considering publishing its preliminary profits earlier than the scheduler of May 25 uled date of May 25. Plessey's statements came in

two separate communications, one sent to employees and the other sent to shareholders.
The letter to employees said:
"Our determination to fight to maintain our independence is as strong as ever. You can be quite sure that the indepen-dence of Plessey is far from tors should give you confi-

It went on to say the company wes considering "credi-ble" alternatives to a renewed spell these oot on commercial grounds. In the past, Plessey has considered demerging its telecommunications operations from the rest of its businesses as a means of escaping from the Anglo-German consortium.
The letter to shareholders said Plessey was takings steps so that it could make an early announcement of its results for the year to the end of March. It said they could be published in early May, but that no final decision had been made.

Executex falls to £0.4m

PRE-TAX PROFITS at to a larger than expected loss Executex Clothes, the manu- of \$453,000 (£266,000) by Donald Executex Clothes, the manufacturer and retailer of tailored

clothing, fell from £546,400 to £442,700 in 1988. The decline follows last week's warning by directors about the group's performance in the current half-year, which sliced 20p off the share price. The profits decline was due

directors said.

Thrnover rose to £7.89m from £6.68m but earnings per share dropped to 7.6p from a restated 11.3p. The company is passing a final dividend, leav-ing the total for the year at 1.5p, half last year's total.

The Issues detailed below will only become effective upon the appro of the Resolutions, effecting the same, by shareholders at the Extraordinary
General Meeting of the Company convened for 4th May, 1989.
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Application has been made to the Council of The Stock Exchange for all Application has been made to the Council of the Stock Exchange for all of the New Shares of 10 pence each to be edmitted to the Official List. It is expected that, subject to the passing of the Resolutions at the Extraordinary General Meeting of the Company convened for 4th May, 1889, such Shares and Warrants will be so edmitted on 5th May, 1889 and that dealings will

commence on the same dev. Particulars relating to Tha Ex-Lands P.L.C., which have been prepared on the basis that the Resolutions to be proposed at such Extraordinary General Meeting have been adopted and thus the acquisition of Cadbury House Limited (anticipated to occur on 2nd June, 1989) has been completed. or the listing particulars may be obtained during usual business hours (Saturdaya and public holidays excepted) up to and including 12th May. 1989 and for collection only from the Company Announcements Office of The Stock Exchange, 46-50 Finsbury Square, London EC2A 100 and up to and including 12th May, 1989 from;

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28th April, 1989

Japanese stockbroker to take stake in Oceana

(Overseas), will be satisfied as showing a rise in turnover to

By Andrew Hill .

DAINANA SECURITIES Company, a Japanese stockbro-ker, is to take a stake in Oceana Consolidated Company, the financial services and investment group. The UK group is also holding a one-for-five rights issue to fund development of its stockbroking.

The Japanese company is to use Charles Stanley, a private client stockbroking firm, which Oceana bought last September, for its London sharedealings. Dainana will also act as preferred underwriter for the ... favour of Dainana.

rights issue, leaving it with between 8.7 and 10.9 per cent of

Oceana's enlarged equity
The rights issue will be
made at 65p, against yesterday's closing price of 68p, up
2p, and should raise £800,000.
Mr David Howard, Oceana's managing director, and his family, Mr Michael Clark, another director, and Queen Street Securities, which together hold 58.9 per cent will renounce 681,860 of the 769,000 shares to which they are entitled in the rights issue, in

James Dickie bid fails

By Clare Pearson

THE BID by a consortium of shareholders to seize board-room control at James Dickie. Ayrshire-based drop forgings maker, falled yesterday when a majority of shareholders voted against the scheme at the

annual meeting. Mr Kenneth Dickie, chairman, said ehareholders had convincingly rejected the attempt by the London-based consortium, called Specialist Holdings, to replace the four

retirlog directors.

The shares finished the day Mr Dickie has said he expects a return to profits in the current year after last

year's deepened deficit of £332,000 (£213,000). clalist Holdings, headed by Mr Keith Daley, a former merchant banker, holds about 7 per cent of the shares.



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Profit before tax		uр	48%
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Profit before taxation for the year ended 31 January 1989 rose from £13.6m to £20.1m, an increase of 48 percent. Turnover increased from £54.7m to £65.3m, a 19 percent rise. Earnings per share were 19.6p, (1988 15.9p). A proposed final dividend of 5p (1988 3.5p) will be paid to shareholders. The increase in turnover shows that we continue to deliver a young, high spending audience and we have firmly kept our position as the most successful breakfast television service.

Our operating costs have remained broadly the same over the past two years despite the considerable investment in new technology and improvement in programming quality.

I have no doubt that as an independent, tried, tested and successful alternative supplier of TV news we will be in an excellent position to take advantage of all the new opportunities?

EXTRACTS FROM THE CHAIRMAN'S STATEMENT. Copies of the annual report and accounts will be available from May 8 from the Company Secretary, TV-am, Hawley Crescent, London NWI 8EF.



Fresh every morning

ents of this statement, for which the directors of TV-am pic are solely responsible, have been approved for the purpose of Section 57 of the Financial Services Act 1986 by Arthur Andersen & Co, as an authorised person

£15,000,000

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UK COMPANY NEWS

TV-am beats best hopes with 48% rise to £20.1m

By John Ridding

TV-am, the ITV franchise holder for breakfast television, yesterday announced taxable profits of £20.13m for the year to the end of January, an increase of 48 per cent over the previous year, and around film in excess of market expecta-tions. Its shares climbed 5p to

ment lay in a combination of buoyant revenues and controlled costs and was achieved despite a sharp increase in the exchequer levy, from £8.5m to

exchequer levy, from £8.5m to £12.9m.

TV-am is, however, expected to be the only ITV contractor to benefit from the new levy system, to be introduced in 1990, which will be based on revenue as well as profits.

On the basis of last year's figures, the company estimates it would have saved £2m.

Turnover grew by £10.6m to

Issued and

£ 3,750,000

£13,750,000

28th April, 1989

Paramure Gordon & Co. Limited.

9 Moorfields Highwalk, Loodoo EC2Y 9DS

a 19.2 per cent improvement in advertising revenues. Costs grew by under 2 per cent, reflecting savings achieved by staff cuts which prompted a bitter labour dis-

Turnover grew by £10.6m to £65.3m last year on the back of

Rarnings per share increased from 15.9p to 19.6p, despite a more than doubling in tax payments to 27.3m which resulted from the ending of a tax holiday. A final dividend of 5p is recommended, giving a total for the year of 6.5p (4.5p).

Mr Ian Irvine, chairman, described the year as the most

described the year as the most successful in the company's history. He said that "the increase in revenue shows we continue to deliver a young,

With respect to the white paper, Mr Irvine said that even though the proposals contained no guarantee of a breakfast television franchise the com-



thustion.

He added that there was also the possibility of hidding for the new Channel 5 franchise.

TV-am is responsible for selling advertising for the new breakfast programme launched by Channel Four at the beginning of this court.

ning of this month. However, the company does not expect the revenues from this source to outweigh the costs of its Channel Four subscription costs in the current

Mr Irvine said that it was too early to know the full advertis-ing and viewing implications of the new service, but that fig-ures for the first week of April showed audience levels of 7m, compared with 15m for TV-am.

If financial 1989 was TV-am's most successful year it was also the company's most diffi-

its challenges is clear from the numbers, and in particular from the operating profit mar-gin of 46 per cent. Moreover, the levy benefits provided by this profitability provides the prospect of a significant boost continued revenue growth and additional interest receipts of around 21m, should more than compensate the constraint provided by breakfast Channel Four and bring profits of around £23.5m. As with all ITV around 22.5m. As with all ITV contractors, however, the lon-ger term is more of a gamble. TV-am's very success means that it may face stiff competi-tion for a new breakfast fram-chies and provides are success. chise and provides some justification for the opportunity cost suffered by its £34m cash holdings. Further justification is provided by the unsuitability of diversifying outside television although expansion within its current activities would be welcome. Despite these caveats, the next few years - and particularly finan-cial 1991 - should be incrative. As a result, the present rating of nine seems reasonable value.

Provident Financial pays £7.5m for **UDS** offshoots

By David Barchard.

Provident Financial Group has purchased the Whole of the issued share capital of John from UDS Group for £7.5m in

This is Provident's second acquisition since tha New Year, following its purchase of Erringham Holdings in February for £13.5m. Blundell and Lawson Fisher

specialise in selling clothing and household goods on credit through 59 branches in companies are based in Glas-

Their joint turnover in the year ended September 30 1988 was £43.9m, while their net assets are valued at £10m after taking into account bank over drafts of £13.2m. Mr Edward Davies, the man-

aging director of Provident said yesterday that tha two companies would complement the range of credit services the group was able to provide.

More than 1.25m households now receive the group's home -based credit services.

Everest shares slip 37p as directors warn of profits fall

SHARES IN Everest Foods, the food manufacturing group, plummeted 37p to 183p yesterday after the group warned that the salmonella in eggs scare would cause profits to be "considerably lower" than analysis forecastic

lysts' forecasts. Everest warned at the time of its interim results in March that profits would be affected by the salmonella scare which was prompted by remarks made by Mrs Edwina Currie, the former junior health minis-

That warning caused analysis to revise full-year profit forecasts down from £3m to \$2.4m, but the company says that now even those estimates

Everest says that the group made a loss in the three-month period to mid-February. Following a slump in egg prices, the company slaughtered almost 90,000 hens, a quarter of

its flock.

In addition, the mild winter affected sales of chips, tha group's other main business, and profits in that division in the three months to mid-Februthe three months to mid-Febru-

the three months to him-restur-ary were slightly lower than the same period last year.

Egg prices are now starting to rise as retail demand is returning to normal levels. The board says it remains confident about the future of the group and expects its egg-producing subsidiary to return to profit

Another acquisition for Systems Reliability

SYSTEMS RELIABILITY, the computer systems and telecom-munications group now being revamped by former Hillsdown executive Mr Robert Evans, has made another acquisition.

Systems has agreed to buy Chase International Computer Services, which installs and reconfigures IBM mainframe computers, for a maximum of 27.85m. Chase, which is based in Feltham, Middlesez, made metax profits of £536,000 on turnover of £2.2m-in the year to March 31 1988. Initial consideration will be

ESm, in the form of an ordi-nary shares, of which 2.4m have been placed by Phillips & Drew on behalf of the vendors. Further consideration will be

dependent on future profits.
Since Hillsdown Investment
Trust, the investment subsidiary of foods group Hillsdown Holdings, moved into Systems last year, the company has been merged with Fletcher Dennys Systems, a microcomputer systems dealer, and has made several acquisitions. Systems now has three divisions - corporate computers, telecomunications; and mainframe reconfiguration.

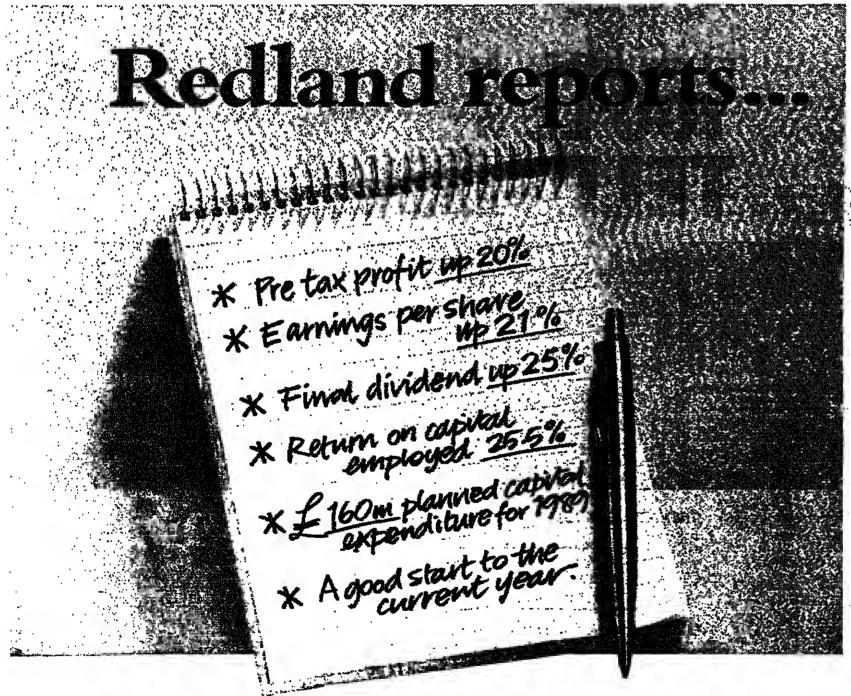
Last weak, Systams

announced pre-tax profits of £1.4m for 1988; its brokers are forecasting pre-tax profits of around £7.5m this year. The shares closed unchanged at

Horace Clarkson

Horace Clarkson, the shipping and insurance broking group, announced a 47 per cent increase in pre-tax profits for the year to December 31. On turnover shead from £26.11m to £31.18m the faxable result rose to £5.1m against £3.46m. Earnings per share improved to 16p (10.1p) and the directors

are recommending a final divi-dend of 4p (3.25p) for a 6.25p (5.25p) total. Tax was £1.8im (£1.45m).



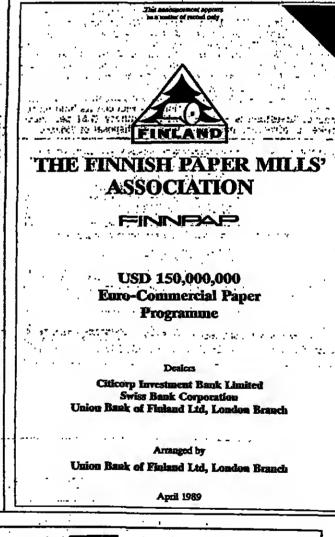
221.5 Pre tax profit £m Earnings per share Dividends per share (unaudited) pence 18% Compound 18% Compound 20% Compound Annual Growth Annual Growth Annual Growth 13.00 11.30 112.8 86/87 87/88

г		
i	To obtain a copy of the	Name
# #	1988 Annual Report, due out on 1st June, please	Address
	send this coupoo to:	
	The Secretary, Redland PLC,	
ŀ	Redland House, Reigate, Surrey RH2 OSJ.	Postcode
	•	

85/87

Redland Construction Materials Worldwide

88/97 87/88



TOTAL COMPAGNIE FRANÇAISE DES PÉTROLES Consolidated financial statements at 31 December 1988

During its meeting of 26 April 1989, the Board of Directors reviewed the 1988 consolidat financial statements of the TOTAL Group, as certified by the corporate auditors. The ma

in millions of French francs	New accounting	1967(*)	1987
(MF)	methods		Before restatement
Turnover Funds-generated from operations Funds from operations	83,290	86,743	87,087
	7,153	6,428	6,647
(excluding stockholding effect) Consolidated result Minority interests Net result (TOTAL CFP share) Net result (TOTAL CFP share excluding stockholding effect)	7,752	6,208	6,427
	1,955	1,275	1,550
	476	(-41)	94
	1,479	1,316	1,456

Net result excluding stockholding effect considerably improved.

Net accounting profit (Group share) was F 40.7 per share in 1988 against F 36.3 in 1987.

The reversal of the stockholding effect makes it difficult to compare the accounting results from one year to the next. As a consequence of the downturn in prices in 1988, the stockholding effect was negative by F 500 million (of which 580 for the TOTAL CFP share) while it had been positive by Excluding stockholding effect, the net result (Group share) improved by 72% against 1987.

The capital gains from sales of assets were F 0.6 billion in 1988 against F 1.6 billion in 1987; the latter included a capital gain of F 1.1 billion on the disposal of assets for the Italian downstream subsidiary.

Improvement on the retining side; contraction of the upstream side; good performance in chemicals and in financial activities.

The ongoing rationalization of the downstream sector helped to boost operating results. The refining margins which were very poor at the beginning of the year showed a marked recovery in the second helf. This phenomenon made these activities profitable abroad and, in France, improved the results of the subsidiary.

On the upstream side, results, while remaining positive, were affected to some extent by the

downtum in prices.

The Group's diversification activities made a greater contribution to the overall result than in 1987, The Group's diversification activities made a greater contribution to the overall result than in 1987, thanks to the significant improvement in the performance of the chemical and chemical-related sector (HUTCHINSON) and of the financial holdings, as well as to substantially reduced losses in mining.

The Group's investments were especially large in 1988, with, in particular, the purchase of the US corporation CSX Oil. AND GAS. Their gross amount was F 14.4 billion against F 8.5 billion in 1987.

UK COMPANY NEWS

Olim Convertible joins main market via placing

By Clare Pearson

OLIM CONVERTIBLE Trust, the first investment trust solely devoted to investment in UK convertible securities, has joined the main market via a placing which raises approximately £24.65m

The trust has a split capital structure - a devise which enables investors to choose between capital growth and a high initial yield. It comprises 10m zero coupon preference shares and 15m ordinary shares, both of which have been placed at £1 each. In addi-tion 2 25m debenture stock tion, a 25m debenture stock,

carrying an 11.39 per cent cou-pon, has been issued. The initial net asset value of the preference shares is equivthe preference shares is equiv-alent to the placing price, while the ordinary shares are being placed at a 2.3 per cent premium. OCT expects the div-idend payable on the ordinary shares for the year to end-De-cember will be not less than 5p

nef per share. The managers of OCT will be Mr Matthew Oakeshott and Ms Angela Lascelles, joint owners of three-year old investment management concern OLIM.

The pre-tax profits of £5.45m

rights issue, or 9.17p (6.66p)

The interim dividend is

Fenner advances to £5.45m

up in 11 years' time.

After rapid growth in the period since the stock market crash, the market value of domestic convertible loan stocks and preference shares is now estimated to stand at some £9hn.

Rowe & Pitman arranged the placing, which by virtue of its split structure circumvented the Stock Exchange rule which normally limits placings to a maximum size of £15m.

rates and a softening in demand from the UK mining

raised to 3.2p from 3p last Mr Peter Barker, chairman, said the rights issue had strengthened the group's equity base by £16.2m and the result had been achieved in spite of the rises in UK interest the said of the rises in UK interest the rise

half lifts S&U to near £2m THE second-half improvement

Good second

predicted at the halfway stage by S&U Stores, which has interests in retail credit, tele-vision rentals and the manu-facture of hosiery, cooverted a £32,000 fall in interim profits into a £149,000 rise for the full

The taxable result for the 12 months to January 31 was turnover slightly ahead at £38.08m (£37.77m). Tax took £717,000 (£670,000), leaving earnings up at 11.11p (10.16p) per share. The final dividend is 3p (2.75p) for a total of 4.25p

(4p). The chairman said that the group's balance sheet had been strengthened during the year and that this would contime. He added that current trading was encouraging and that hire purchase and TV rentals had advanced along with the company's financial services division. The increased volume of trading, despite higher interest rates, should he reflected in improved results in the current year, he said.

(£4.52m) came from turnover up from £83.95m to £90.03m. After UK and overseas tax totalling £2.08m (£1.86m) earnings per share worked through at 8.84p (6.42p), adjusted to reflect the impact of the recent rights issue or \$1.7p (6.52p)

BUOYANT trading conditions in the power transmission mar-ket coupled with strong performances in the US, Australia and South Africa helped JH Fenner, the manufacturer of power transmissions and conveyor belting equipment, to achieve a 20 per cent increase in pre-tax profits in the half year to March 4 1989.

tion for

The following changes in company share stakes were announced recently: Alphameric – Scottish Amica-ble Investment Managers now holds 1.98m ordinary (10 per

Anglesey – Imperial Metals Corporation has reduced its holding to 9.67m (47.8 per cent) with the disposal of 913,623

AT Trust - Mr Robert Ballinger has sold 700,000 ordinary, reducing his holding to 3.9 per BBB Design Group - Mr P

O'Donnell, a director, has bought 22,000 ordinary at 28p apiece and 100,000 at 30p to hring his holding to 5.04m (60.86 per cent). He also continues to hold jointly in trust 209,000 (2.52 per cent). Bellwinch – Scottish Amicahle Investment Managers now hold 2.43m ordinary (7.83 per

British & American Film Holdings - Authority Investments has purchased 26,850 ordinary, increasing its holding to 400,000 (20 per cent). Caffyns - CJ Giltrap has acquired 25,000 shares for a

total holding of 375,250 (8.35 per cent).

Candover Investments — CRE 6.33m ordinary (7.57 per cent)

Brooke, a director, has dis with the disposal of 355,000.

SHARE STAKES

posed of 70,000 ordinary at 655p each, reducing holding to 500,000 (6.76 per cent). Dares Estates - The company has bought 1.25m of its own ordinary at 32p apiece, bring-ing its cumulative purchases to

Davy Corporation — Abu Dhabi Investment Anthority has disposed of 2.85m ordinary for a reduced holding of 7.85m (7.74 per cent).

Dean & Bowes Group - Mr Stephen Dean, a director, has disposed of 162,000 ordinary for 176p each, reducing his holding to 4m (29.4 per cent).

Dukeminster — Establishment
Finital increased its holding to
40.4m ordinary (56.31 per cent)
with purchase of 464,636.

Excellent Jacob 18.5.

Excalibur Jewellery - Provident Mutual Group has raised its holding to 2.15m ordinary (6.26 per cent) with acquisition of 400,000, the shares are registered in the names Provident Mutual Group and Provident Mutual Manager Pension

FII Group - Providence Capi-tal Portfolio Managers now hold 680,000 ordinary (5.22 per cent).

Foseco - Prudential Corpora-tion has reduced its holding to

US\$400,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE OCTOBER 1996

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Notice is hereby given that the Rate of Interest has been fixed at 10.1875% and that the interest payable on the relevant interest Payment Date July 31, 1989 against Coupon No. 19 in respect of US\$10,000 nominal of the Notes will be US\$266.01.

April 28, 1989, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

NOTICE OF OPTIONAL REDEMPTION to the Holders of

TOSHIBA CERAMICS CO., LTD. U.S. \$30,000,000 3½ per cent. Convertible Bonds 1994 (the "Bonds")

NOTICE IS HEREBY GIVEN that, pursuant to Conditioe 6(B) of the Bonds. Bondholders are entitled, at their option, to redeem all or part of the Bonds held by them an 30th September, 1989 at a Redemption Price of 105 per cent. of the principal amount thereof, together with accrued interest to 30th September, 1989.

To excercise the above option Bondholders should complete, sign and deposit at their own expense, at any time on or after 1st July, 1989 but prior to 1st August, 1989, a notice of redemption together with all Bonds to be redeemed at any of the following Paying Agents during normal business hours:

The Mitsui Bank, Limited

The Mitsui Bank, Limited 30-35 King Street, Londoo EC2V 8ES

Crédit Lyonnais 19 Boulevard des Italiens, 75002 Paris

Deutsche Bank Aktiengesellschaft
Tannusunlage 12, 6000 Frankfurt 1
The Industrial Bank of Japan, Limited
Bucklersbury House, 14 Walbrook, London EC4N 8BR
Kreditbank S. A. Luxembourgeoise
43 Boulevard Royal, L-2955 Luxembourg

Morgan Guaranty Trust Company of New York Aveoue des Arts 35. B-1040 Brussels

Nomura International pic Nomura House, 24 Mooumeot Street, Londoo EC3R 8AJ

Union Bank of Switzerland Bahuhoistrasse 45, CH-8021 Zurich

All Bonds deposited for redemption as aforesaid should be accompanied by all Coupons appertaining thereto maturing on or after 30th September, 1989 failing which the Bondholder must pay to the relevant Paying Agent an amount equal to the face value of the missing unmatured Coupons at the time of deposit and any amount so paid will be repaid as provided in the Conditions of the Bonds against surrender of the relevant Coupon at the specified office of any of the Paying Agents.

A notice of redemption once denotited with any of the above Paying

Paying Agents.
A notice of redemption once deposited with any of the above Paying Agents shall be irrevocable and may not be withdrawn without the consent in writing of the Company. A copy of the notice of redemption may be obtained from any of the Paying Agents.

Notwithstanding the above, the Conversing Right attaching to any Bond which is deposited for redemption shall continue to be exercisable up to and including 29th September, 1989, at the conversion price (with Bonds taken at their principal amount translated into Jupanese Yen at the rate of \$244.00 equals U.S. \$1,00) of \$1,066.80 per share of Common Stock of the Company, subject to and upon compliance with the Conditions of the Bonds.

As at 24th April, 1989, the closing price of the Shares on the Tokyn Stock Exchange was \$1.250.

The aggregate principal amount of Bonds outstanding as of 31st March, 1989 was U.S. \$450,000.

TOSHIBA CERAMICS CO., LTD. Dated: 28th April, 1969

TARMAC DRIVES IN THE RIGHT DIRECTION

Turnover up 29% £2.8 billion

Pre-Tax Profit up 48% £393.1 million

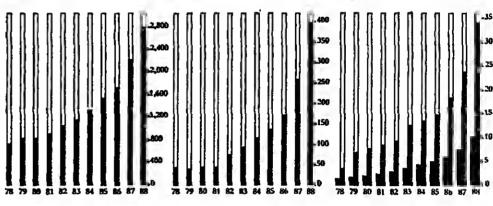
Earnings per share up 46% from 23.5p to 34.3p



Group Chairman Sir Eric Pountain comments, "In the last ten years we have seen Tarmac's pre-tax profits grow from £26.5 million to £393 million on a turnover up from £752 million to £2.8 billion. Earnings per share have grown at more than 20% per annum in those ten years.

The group now includes the largest construction materials supplier, the largest private sector house builder and the largest building and civil engineering contractor in the United Kingdom. The 1988 results are testimony to the quality of the group's businesses and its reservoir of managerial talent."

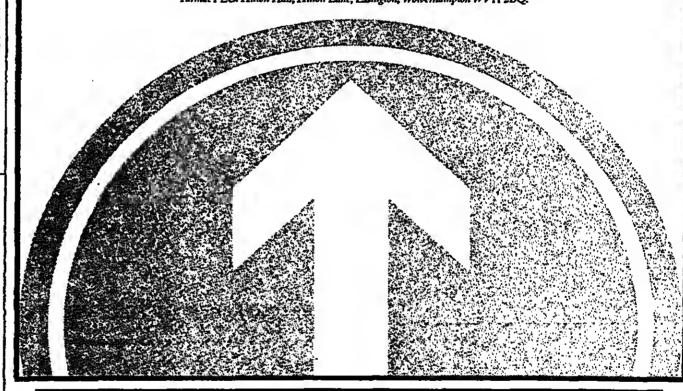
Earnings and dividends per share





Quarry Products, Construction, Housing, Building Materials Industrial Products, Tarmac America, Properties

Copies of the 1988 Report and Accounts will be available on May 15th from the Secretary, Tannac PLC. Hilton Hall, Hilton Lane, Essington, Wolverhampton WV11 2BQ.



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OFFER ON BEHALF OF A WHOLLY OWNED SUBSIDIARY OF ISOSCELES PLC TO ACQUIRE ALL THE ORDINARY SHARES OF 5P EACH IN THE GATEWAY CORPORATION PLC

5.G. Warburg & Co. Ltd. ("Warburgs") announces on behalf of DMWSL 032 PLC ("DMWSL"), a wholly owned subsidiary of isosceles PLC, that, hy means of a formal offer document dated 28th April, 1989 (the "Offer Document") being despatched today to shareholders of The Gateway Corporation PLC ("Gateway"), Warburgs is making an offer (the "Offer") on behalf of DMWSL to acquire all the Gateway ordinary shares. Terms defined in the Offer Document have the same meanings in this advertisement.

The Offer comprises, for each Gateway ordinary share, 195p in cash. Eligible Gateway shareholders who accept the Offer may irrevocably elect to receive Loan Notes in respect of up to 35 per cent, of the cash consideration due to them under the Offer on the basis of £1 nominal of Loan Notes for every £1 of cash consideration. The full terms and conditions of the Offer and of the Partial Loan Note Alternative are set out to the Offer Document.

The Offer is not being made directly or indirectly in, or by the use of the mails or by any means or instrumentality (including, without limitation, the post, facsimile transmission, telex and telephone) of inter-state or foreign commerce or of any facilities of a national securities exchange of, the U.S.A. Persons wishing to accept the Offer should not use such mails or any such instrumentality for any purpose directly or indirectly related to acceptance of the Offer. The Offer does not extend to Gateway ADRs. The Loan Notes and the DMWSL Loan Notes have not been, and will not be, registered under the United States Securities Acr of 1933, as amended, and accordingly are not being directly or indirectly offered, sold or delivered in the U.S.A. or to or for the account or

Subject to the despatch of the Offer Document, the Offer will be capable of acceptance from and after 12 noon on 28th April, 1989. Subject to such despatch and with effect from that time, the Offer is hy means of this advertisement extended to all persons to whom the Offer Document may not be despatched hot who hold, or who are entitled to have allotted or issued to them, Gateway ordinary shares. Such persons are informed that copies of the Offer Document and the accompanying Form of Acceptance are available for collection from Bank of Scotland, New Issues Department, Second Floor, Broad Street House, 55, Old Broad Street, London EC2.

This advertisement is published on behalf of DMWSL and has been approved by Warburgs, which is a member of The Securities Association, for the purposes of section 57 of the Financial Services Act 1986.

The Directors of DMWSL are responsible for the information contained in this advertisement and, to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts. The Directors of DMWSL accept responsibility accordingly.

28th April, 1989

Momentum maintained



1989 First Quarter Results

The Group made an excellent start to 1989 with record pre-tax profits of £442m, an increase of £102m (30%) on the previous quarter and £84m (23%) above the first quarter of 1988. The key figures, with comparisons for 1988 are as follows:

1,	st Quarter 1989 £m	4th Quarter 1988 £m	1st Quarter 1988 £m
Tumover	3,210	2.992	2,937
Profit on ordinary activities before taxation	442	340	358
Earnings before extraordinary items p £1 Ordinary Share	per 39.2 ₁	30.0p	315

Details of the results are set out in the tables

The first quarter's results demonstrate the strength and momentum in ICI's portfolio. Nearly all of the Group's main businesses achieved higher profits than in the fourth quarter of 1988, reinforcing the normal seasonal upswing in Agriculture.

Group turnover in the quarter was 9% above the first quarter of 1988. Higher selling prices accounted for 5% of the increase while growth in sales volume added 4%. In Consumer and Specialty Products profits increased substantially in pharmaceuticals, reflecting strong growth in sales volumes, and paints continued to advance. However, these gains were offset primarily by pressure on margins in films and also by higher development costs in new businesses. Profits advanced vigorously in the main Industrial businesses as demand remained strong. In Agriculture the agrochemicals season has begun well; results from plant breeding have improved; and fertilizers traded at a modest profit, mainly due to improvement in the UK

The following table summarises the quarterly sales to external customers, profit before tax and earnings

	Turnover	Profit Before Tax	Earnings per£1 Ordinary Share
1988	.£m	£m	pence
lst Quarter	2,937	358	31.5
2nd Quarter	2.930	425	37.8
3rd Quarter	2,840	347	30.4
4th Quarter	2,992	340	30.0
Year	11,699	1,470	129.7
1989			
isi Quarter	3,210	442	39.2

The tax charge for the first three months of the year amounted to £160m (first quarter 1988 £135m), comprising UK corporation tax of £60m (£53m) and £100m (£82m) in respect of overseas and related

The unaudited trading results of the Group for the first three months of 1989, with comparative figures for 1988, are as follows:

1988			1989
First Tha	N°		First Three
Months	Year*		Months
Em	<u>r</u> m		£m
		Turnover	
672	2,705	United Kingdom	730
2,265	2 001	Overseas	2,480
2,937	11.699	Total	3,210
359	1.470	Trading profit	433
		After providing for:	
121	484	Depreciation	117
		Income from related	
317	162	companies	51
-40	- 162	Net interest payable	-42
		Profit on ordinary activities	
. 58	1.470	before taxation	442
		Ties on profit on ordinary	
÷ 1.35	-540	activities	-160
		Profit on ordinary activities	
223	ዓ.ፕር	after taxation	282
- 10	— 1a	Attributable to minorities	-14
		Net profit attributable to	
213	581	parent company	268
~	-44	Extraordinary item	-
		Net profit for the financial	
213	837	period	268
		Eumings before	
		extraordinary item	
31.5p	129.7p	per £1 Ordinary Share	39.2
1	пр	F	

Abridge diresults: full accounts with an unqualified audit report will be lodged with the Registrar of Companies after approval at the Annual General Meeting

Trading results for the first six months of 1989 will be announced on Thursday 27 July 1989.

IMPERIAL CHEMICAL INDUSTRIES PLC

UK COMPANY NEWS

Ashley calls for £31.1m to fund two purchases

ASHLEY GROUP, which last year acquired Digsa, a Spanish food retailer, has bought another food distributioo group in the country for a maximum of £19.9m. It is to balance the Spanish earnings with the acquisition of a Scottish window hlind distributor for

an initial £20.8m.
The purchases are mainly for cash, and the initial payments will be funded by an issue of new ordinary and convertible preference shares, raising about £31.1m. The group could eventually pay up to £54.8m in cash and shares for Apollo Window Blinds, depending oo the company profits in the four years to the end of

"We are an English public company, whose core business

is a Spanish company, so we have to look at getting a bal-ance to the business," said Mr Tony Butler, Ashley chief exec-

utive, yesterday. Mr Butler said Apollo, based in Glasgow, was in a strong growth area of the window dressings market, adding value to the snpply of hlinds, for instance by measuring and assembling the products for clients. It made £3.89m before tax

in 1988, on turnover of £16.9m. In Spain Ashley, is huying Almacenes Castillo, based in the southern region of Andalu-cia, which has five supermar-kets, five cash-and-carry outlets, 80 franchised grocery stores and number of independent traders.

It is paying an initial £9.5m in cash for the husiness, which

it said would complament Digsa's Madrid and Catalonia operations. A further £10.4m will be paid in May 1990, funded from local currency borrowings by Digsa. In the 14 months to February

28. Castillo returned operating profits of £1.92m on sales of £40.9m. Apart from 2.5m new ordinary shares being issued to Apollo's vendors as part of the payment, Ashley is offering its

shareholders nine new ordi-nary shares for every 13 ordi-nary shares held and one convertible for every 20 ordinary The new ordinary shares, priced at 65p against yester-day's closing price of 7dp, up 1p, and the convertibles, at 100p, have been conditionally placed with institutional and

other investors. A further 2.1m convertibles not in the open offer have also been placed, at

offer have also been placed, at the same price.
Ashley, formerly Ashley Industrial Trust, is headed by Mr Tony Butler, who said yesterday that both purchases would enhance earnings. He was planning director of Dee Corporation, now Gateway, and chairman of Digsa, until last July when Ashley bought the Spanish supermarket and cash and carry chain from Dee and Mr Butler became the shell company's chief executive. company's chief executive.

Growth slows at Daks

HIGH INTEREST rates and their adverse effect on exchange rates were hehind the slowing in growth in the first half at Daks Simpson Group. In the six months to the end of January the tailor and clothier reported taxable prof-its ahead by 3.4 per cent.

On turnover higher hy almost 5 per cent at £30.96m, profits were £2.41m (£2.33m).

CCA PUBLICATIONS: The recommended offer by HTV has been declared uncondi-

tional as to acceptances. The offer and the loan note alterna-

tive will remain open for accep-

tance until further notice. The partial share alternative will remain open until May 10 1989. By the first closing date, April 26, valid acceptances had been

received by the holders of 10.6m CCA shares (95.65 per cent). Of these, elections for

the partial share alternative and the loan note alternative

were made in respect of 4.9m and 809,642 CCA shares respec-

JERMYN INVESTMENT Co:

Pre-tax profits £309,527 (£167,665) for 1988, Earnings 10.67p (8.82p) and unchanged single final dividend of 2.5p proposed, Net asset value 183p

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for further details

Earnings per share were np from 23.33p to 23.76p and the interim dividend is again 3p.

The company recalled that in November it had expected a possible slackening of the rate of growth after the considerable expanded of the past few ways at added that it had expected. years. It added that it had continued with its major projects which had also had high

Shop Centres (Holdings) (property investment and develop-

ment): Pre-tax profits £3.97m (£734,000)for six months to

December 31 1988, net rents received £6.14m (£3.26m), interest paid £6m (£3.12m). Com-

pany is wholly-ownedsubsidi-ary of Randsworth Trust. QUARTO GROUP: On April 5

1989 shareholders were invited

to apply for 4.9m shares of common stock of par value US\$0.10 each issued in connection with a placing for cash. Of the new ordinary, 2m shares were placed with investment institutions. The halance of

institutions. The balance of 2.9m new shares were conditionally placed with investment institutions, subject to the offer. At the closing of the offer on April 26, valid applications had been received from

tions had been received from shareholders in respect of 3.1m

start-up costs.

COMPANY NEWS IN BRIEF result, valid applications by shareholders up to their mini-mum entitlements will be allot-ted in full.

R. SMALLSHAW (Knitwear): Pre-tax profits £358,104 (£440,247) for 1988 on turnover £10.11m (£9.49m). Tax £125.829 (£153,582)and earnings per 10p share 9.291p (11.467p) before extraordinary items. Final divi-dend 2.25p making 3p (same). Directors said that with hig increase in sales expected in coming months, full year prof-its should show an improve-

BERTRAMS INVESTMENT Trust's interim results showed revenue hefore tax substantially higher at £58,501(£31,425) for the six months to March 31 last.Tax took £15,770(£5,828) leaving earings per 25p share at 1.35p(0.18p) for the interim dividend which is increased (142p). offer shares (106.6 per cent) dividend which i LONDON & PROVINCIAL conditionally placed. As a from 0.75p to 0.9p.

FDELT

Interest Rate

Interest Period

31st July 1989

Interest Amount per

U.S. \$100,000 Note due

Lowndes Lambert pays £5m for broker

LOWNDES LAMBERT, the medium-sized London insurance broker, has paid an undisclosed sum, thought to be about 25m, to buy fellow broker Chandler Hargreaves from Harrisons & Crosfield, the overseas trading company.

The acquisition was completed yesterday and forms part of a strategy of develop-ing Lowndes Lambert with a view to seeking a possible stock market flotation in about 1992, according to Mr Richard Shaw, its chief execu-

The specific aim of the Chandler Hargreaves acquisition though is to increase the group's exposure to the relatively stable UK retail insurmeans catering for property and liability insurance for commercial clients.

For Lowndes Lambert, UK retail insurance made up only 30 per cent of its 1988-9 turn-

over of £30m, with much of the rest coming from more volatile types of insurance such as professional indemnity, marine and US property/casu-

alty insurance.
With 260 staff and gross turnover of £6m, Chandler Hargreaves takes about 80 per cent of its business from UK

Until last year, Lowndes Lambert was part of the Hill Samuel merchant hanking group. After TSB Group's suc-cessful bid for Hill Samuel though, Mr Shaw put together a management huy-ont of Lowndes Lambert last spring.

Five Oaks at £1.5m

Five Oaks Investments, property development and investment concern, reported pre-tax profits almost doubled from £808,911 to £1.52m for the six months to December 31 1988. Turnover soured from £4.43m to £18.59m. Fully diluted earnings per 5p share were 2.82p (adjusted 2.22p).

This year the company has acquired an income producing

property at Brentwood and entered a joint venture for an office development project in central Birmingham.

The interim dividend is 0.6p

103/16% per annum

28th April 1989

U.S. \$2,660.07

31st July 1989

Sherwood Computer in £1.97m loss and planning pref issue

Services, the USM-quoted computer hureau and software development group, yesterday announced a pre-tax loss of £1.97m in 1988, compared with a restated £1.89m taxable profit

made in the previous year.

The company also announced it is to raise £2.5m through the issue of 2.5m convertible preference shares at £1 each although they will not be quoted on the USM. Directors said the proceeds

would be used to restore the group's asset base and provide additional funds for capital expenditure and working capital.

Three funds run hy B&C Ventures, the venture capital subsidiary of British & Com-monwealth Holdings, will sub-scribe for 1.24m shares. Sherwood's management will subscribe for 232,500, and the rest will be offered to existing shareholders up to a maximum of one convertible share for every five ordinary shares held. This offer will be under-written by B&C Ventures. Mr Richard Guy, Sherwood chief executive, said the com-

pany's loss in 1988 was mainly due to problems with two recently acquired subsidiaries, Corporate Technology Group and Mitronix CTG incurred a

SHERWOOD COMPUTER loss of £1.73m in the first half of the year because of cost ovarruns on new software

Sherwood has introduced management changes, reduced overheads and reached an agreement with ICL to collaborate closely in the local authority market. The group claimed the action taken over the last

the action taken over the last eight months had markedly improved its prospects.

Turnover in 1988 rose from £20.17m to £26.53m. The loss per share was 36.8p against earnings per share of £7.8p last time. The directors did not recommend a final dividend, although 4.5p was paid in 1987.

Scot Metro up 47%

Scottish Metropolitan Property, Glasgow-based prop-erty investment and develop-ment company, lifted pra-tax profits nearly 47 per cent from £3.8m to £5.58m in the six months ended February 15. An interim dividend of 2.25p
(2p) is declared, payable from
earnings per 20p share up from
2.6p to 3.79p.
Net revenue from properties

advanced to 15.53m (£5.25m) and the directors said the com-pany was experiencing excel-lent tenant demand.

FINANCIAL TIMES

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CITICORP BANKING CORPORATION

U.S.\$50,000,000 Houting Rate Notes due July 29, 1997 U.S.550,000,000 Hooting Rate Researches stry 22, 1777.
Notice is hereby, given that the Rate of Interest for the period April 28, 1989 to July 28, 1989 has been fixed at 10.1375% and that the interest payable on the relevant Interest Payment Date, July 28, 1989 against Coupon No. 12 in respect of US\$10,000 nominal of the Notes will be US\$256.25.

April 28, 1989; London By: Citibank, N.A. (CSSI Dept.), Agent Bunk. CFFBANK

ECU 150,000,000 **IRELAND** Floating Rate Notes

due 1997 Notice is hereby given that the Rate of Interest has been fixed note or unerest has been fixed at 9% and that the interest payable on the relevant Interest Payment Date, October 30, 1982 against Coupon No. 9 in respect of ECU TO,000 nominal of the Notes, will be ECU 462.50.

April 28, 1989, Condon By: Official, N.A. (CSSI Dept.), Agent Book

USdol 204,000.000 Floating Euro-dollar Repackaged Assets of the Republic of Italy due 1993

F.E.R.A.R.I.L. For the period from April 28, 1989 to July 31, 1989 the notes will carry an interest rate of 10% per annum with an interest per Usdol 100,000 note The relevant interest payment date will be July 31, 1989.

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Collateralized Floating Rate

Notes Due 1992

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reports Chairman, Michael G Falcon, CBE, DL

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- The investment reserve rose to £3.75 billion and is now 37 per cent of policyholders' funds.
- In two years annual premiums in the UK have increased 50 per cent to over £600 million.
- Worldwide new premiums rose to £950 million; UK pensions policies, company and personal, were particularly buoyant.

- GENERAL INSURANCE

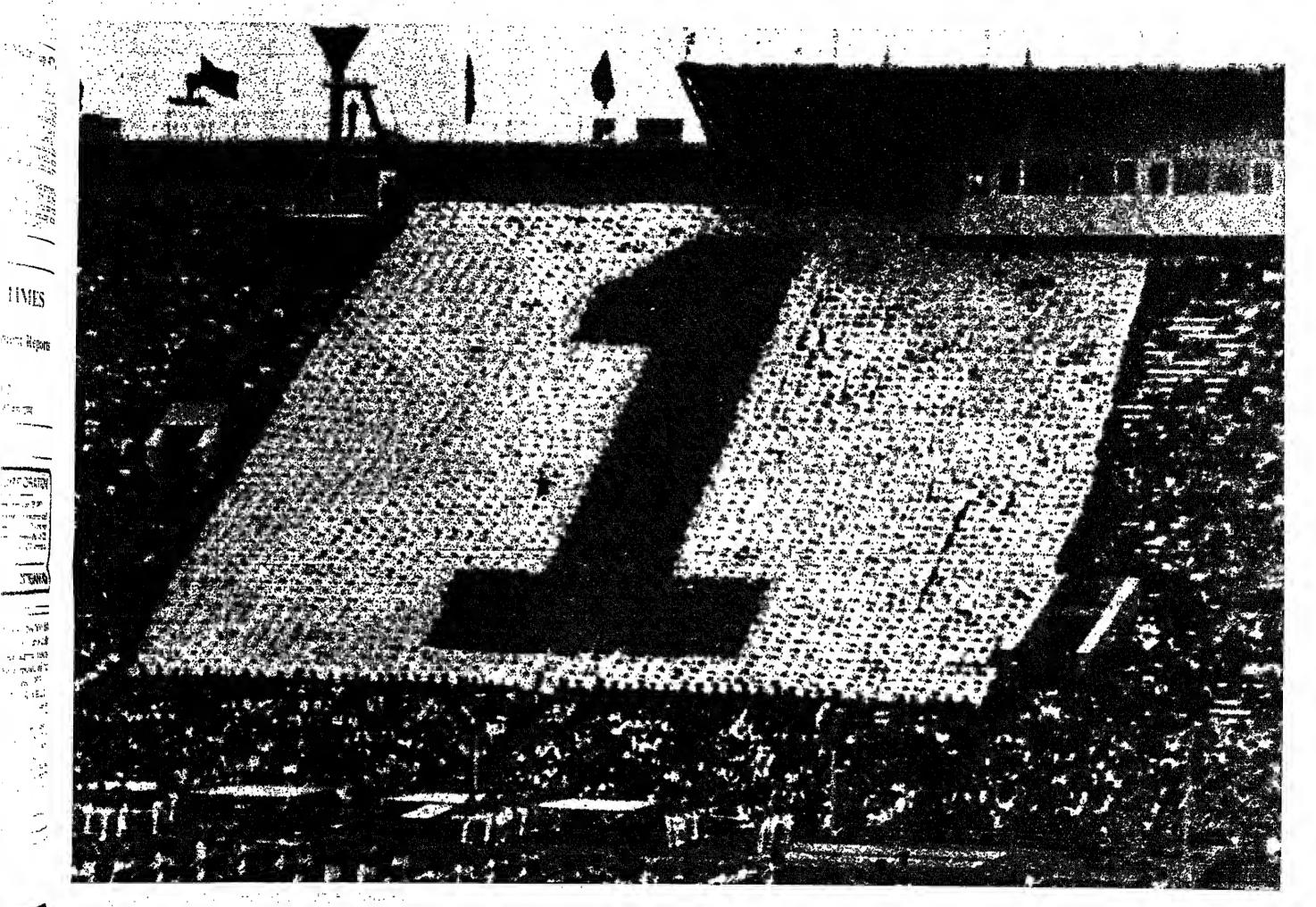
- Worldwide premiums grew by 18.5 per cent and passed the £1 billion mark for the first time.
- Pre-tax profit jumped by 54 per cent to over £110 million-more than three times the 1986 figure.
- Net asset value is now over £768 million-solvency ratio 91 per cent.
- 800,000 claims were handled in the UK, with payments totalling £500 million.
- We continued to be the UK's largest motor insurer and launched major new products for retired motorists and vehicle fleet operators.
- A record dividend of \$26 million was paid for the benefit of the UK life policyholders.

Copies of the Directors' Report and Group Accounts may be obtained from The Accountant, Norwich Union Insurance Group, P.O. Box 4, Norwich NR1 3NG.

e)Mpute

TIMES

37



Corporate treasurers in major currency markets around the world have ranked Chemical Bank number one in foreign exchange.

In fact, they named Chemical best in both foreign exchange dealing and forecasting in the 1989 Euromoney Corporate Finance Survey.

The treasurers praised Chemical's ability to handle large sums, and offer good pricing and sound advice.

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CHEMICALBANK The bottom line is excellence.

The big trouble about property for the invest-ing institutions is that they have not been making much money out of it. There has been a hig increase in capital values and rental growth over the last few years but this has largely been a question of catching up on the lean years earlier in the decade.

Since 1987 the total returns from property have been higher than for equities or gilts. But if the returns are averaged out over the decade, then property has still done less well, either at current prices or in real terms, than

equities or gilts.

But the impression abroad has been that the institutions have been moving back into property and then waiting with pots of money for any development that becomes available. Much of this has been market hope, translated into rumour and fuelled by anecdote.

In fact, the new institutional investment in property has been modest. Its geographical scope has been narrow; outside the retail sector, there remains an huge preference for the south. Regional economic revival has provided an oppor-tunity for sales rather than a

stimulus to new investment. Collectively, the institutions with holdings worth more than 160bn own more commercial property in the UK than anybody else - the insurance funds are substantially more important than the pension funds. But, arguably, their influence over the sector has

withered since the 1970s. Granted there is more insti-

complete coupon below.

The institutions reduce the pace

By Paul Cheeseright

tutional mooey in property. granted they are more active in the market, but the fact remains that, despite the 1987-88 boom, total institutional investment in property. measured in real terms, is less than it was at the end of the

Although the share of property in the overall institutional investment property by the end of 1988 was around 12.5 to 13 per cent, probably three percentage points more than at the end of 1987, this increase appears largely unplanned. It was due more to the increase in capital values - 23 per cent over 1988 - than to net new

Beyond that, the greater diversity of funding methods most notably the explosion of bank lending and the growing use of commercial paper programmes – and the greater diversity of property ownership have tended to make the institutions look more like ordinary players in, rather than the referee of, the property market.

Insights into such trends, through the detailing of insti-

tutional investment behaviour and property portfolio perfor-mance, are provided in an annual analysis* by the Invest-ment Property Databank (IPD). It is the statistical analysis of a boom based on records held in the IPD database of some 6,000 institutional properties with a capital value of around £23hn. As such it offers information

on how the institutions have

been handling their property

Total returns for the institutions at a record 29.8 per cent tions at a record 29.8 per cent in 1988 were 6.3 percentage points higher in nominal terms and 3.0 percentage points higher when adjusted for inflation over 1987. "But investors saw a fall in income return and net income growth, as raised rental values have yet to feed through at rent reviews," IPD

The institutions traded heavily last year, but as far as net investment was concerned, there was fall among the insurance funds and a rise among the pension funds and short-term funds. "The retail sector continues to dominate net investment, accounting for 89 per cent of the total in 1988," IPD calculated.

But geographically the institutions concentrated invest-ment in the couth of England. There was a fall in London last year, but this was more than matched by more spending throughout the rest of the south. Net investment in the

rest of the country fell.
Indeed, one of the characteristics of institutional performance was the tendency to sell property into the sharply ris-ing industrial market. And, as in any boom, those who were there at the start tended to do best. The best investment per-formance, IPD found, was in older buildings and those held for longest in portfolios, and in smaller buildings, rather than

larger units.
To only a limited extent. however, can IPD predict the future trends of the market. It makes the point that the effect of rental value increases has vet to show through in many

rent reviews Where IPD cannot help is in divining future investment intentions. On the face of it, this is hardly a good time to

invest. The rise in the market has made the entry ticket more expensive while the general movement of the economy would at best suggest a degree of caution: it is not by any means clear that the economic expansion which has fed through into office and indus-trial space demand will continue. At least there is the pos-sibility of short-term uncertainty in the market.

Against that, the property market is slow to react to what is happening in the economy at large. Even if the market turns down, returns this year will still he high in comparison with any years of this decade hut the last two. And the flattening out of the retail market probably offers more favoura-ble huying opportunities than have been available for the past 18 months.

As far as the institutions themselves are concerned, fund managers whose performance is monitored on short-term results may not be able to be aloof from what is now the highest performing investment medium, even if that medium looks a little soggy round the edges. It is a fact of life that institutions are not always in phase with the most sensible time to buy. But it is also a fact of life that these days property, despite its financially lumpy character, is not necessarily seen as a long-term investment.

*IPD Property Investors Digest 1989; Investment Property Data-bank, 7-8 Greenland Place, Lon-don NW1 0AP; with updates

FOR

Values glance

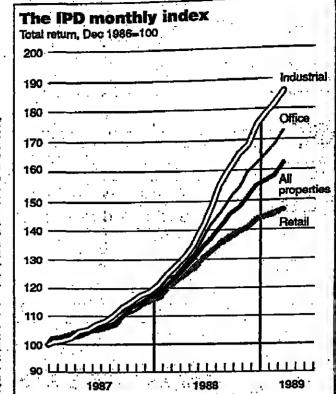
he first publication of the IPD monthly index A shows a market which may be starting to cool. The speed of increase in returns from property has started to slow, suggesting that the mar-ket may already have passed its peak.

The index, constructed from a sample of 890 properties owned by 81 funds and worth some £2.3bn, will be published on this page, on the last Fri-day of each month, with the aim of more accurately track-

aim of more accurately tracking market trends.

The Investment Property Databank, although initially funded by eight chartered surveyors, is independent and not engaged in the huying and selling of property. It has built up a database of 6,000 properties owned by the institutions in the IIK and Republic of in the UK and Republic of Ireland and currently worth

Most of these properties are valued annually, but the demand from some funds for monthly valuations has monthly valuations has enabled a sample of properties to be assembled which offer a performance guide to the market as a whole. It is on these properties, owned by property unit trusts, unit linked insurance funds and managed pension funds, that the IPD



monthly index is based. of the properties, 46 per cent are offices, 42 per cent are retail, 11 per cent are industrial and the remainder fit into the category of "other". Just over two thirds of them are in London and the south east, reflecting the concentration of nstitutional investment. For these properties, taking

the first quarter as a whole, the average monthly return has fallen to 1.5 per cent compared with an average 2.2 per cent monthly return in 1988. In March alona, industrial returns fell slightly, although this sector of the market remains strongest, offices increased slightly but not to last year's levels geradelte e

Gazette

The April issue of Property Gazette features property in Europe and gives details of the Property Gazette/Crédit Agricole Dieppe Conference on 'Property in Northern France to be held on May 25/26. For a free introductory offer of the magazine please

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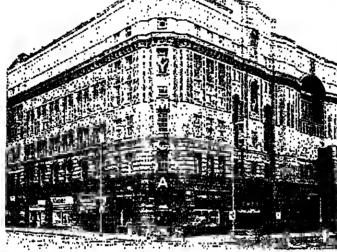
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COMPANY NOTICES

KB IFIMA N.V.

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US\$ 150,000,000 Guaranteed Floating Rate Notes Due 2011

in accordance with the Description of the Notes, notice is hereby given that for the interest period from April 27, 1989 to July 27, 1989 the Notes will carry an interest rate of 10.15 % per annum.

The interest payable on the relevant interest payment date, July 27, 1989 against coupon n°13 will be US\$ 256.57 per Note of US\$ 10,000 nominal and US\$6,414,24 per Note of US\$ 250,000 nominal.



ROBECO

ROBEÇO N.V. Further to the announcement published in The Times and the Financial Times on 21 April 1989 concerning the Cash Dividend payable S May 1989 the rate of exchange for the payment of this dividend on both Robeco N.V. Ordinary Shares of Fix.10 (at Fis.2.00) and Sub-Shares registered in the name of National Cash Reset Memineral Limited (at Fis.0.30) is Fis.2.6841 = £1.

UNITED KINGDOM RESIDENTS
The gross dividend is £0.83703021 per Ordinary Shure of Fis.10 (Coupon No.87) and is subject to the following deductions:

15% Netherlands Tax 10% United Kingdom Tax

NON RESIDENTS OF THE UNITED KINGDOM

Where 25% Netherlands Tax is applicable, the following deductions apply, 25% Netherlands Tax - £0,20925755 per Share 25% U.K. Tax on Net - \$0,15894316 per Share 25% Netherlands Tax 25% U.K. Tax on Net Dividend (When Applicable)

21 April 1935 concerning the Cash Dividend payable 5 May 1955 the rate of exchange for the payment of this dividend on both Rollinso N.V. Ordinary Shares of Fis. 10 (at Fis. 180) and Sub-Shares registered in the name of National Provincial Bank (Nominees) Limited (at Fis. 0.16) is Fis.3.5841 = 21.

ROLINCO N.V.

15% Netherlands 1 10% United Kingdom Tax -

NON RESIDENTS OF THE UNITED KINGDOM

Where 15% Netherlands Tax is applicable the calculations are as for United Kingdom Residents, but railed from United Kingdom Tax is immediately obtained provided that the appropriate inland flevenue Attidavit is lodged with the claim.

PUBLIC NOTICES



MMC INVITES EVIDENCE ON GRAND METROPOLITAN'S ACQUISITION OF WILLIAM HILL

The Monopolies and Mergers Commission would like to hear from any person or organisation with information or views on Grand Metropolitan's acquisition of William Hill and in particular the effect on competition in off-course betting.

The Commission would like evidence in writing as soon as possible, but not later than 19 May 1989, to be sent to: The Reference Secretary (Grand Met/William Hill Inquiry), Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT.

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gistered Office : "Los Mirolini" 18, Avenue d'Alsson - 92400 COURSEVOIC -R.C.S. ; NANTERRE S 542 039 532 April 1864 of ECU 1088 each Next Meeting to be held on. May 17, 1989 AGENDA

Credit du Nord USdol 100,000,000 Floating Rate Notes due 1997

For the period from April 27, 1989 to July 27, 1989 the notes will carry an interest rate of 10-16-24 per annum with an interest amount of USdol 257.52 per USdol

The relevant interest payment date will be July 27, 1939. Banque Paribas Luxen Agent Bank

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> AMSTERDAM - NETHERLANDS USD 5000 Floating Rate Notes

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FINANCIAL TIMES



Managers are seeking to cope with major changes in the working environment. These are due in part

to new technology, plus higher expectations among staff and stricter legislation regarding health and safety at work, as

Della Bradshaw reports here.

Key catalysts for change

PEOPLE may spend more than half of their waking hours et their office or factory, but it is only recently that designers or employers - have begun to pay close attention to the workplace environment.

Employers have only rarely been driven by philanthropy -though many have learned that if they want to keep skilled staff, then it pays to provide a pleasant place to

The most important catalysts for change have instead been widespread introduction of computer technology, shrinking workforces, tighter workplace legislation, and work-related illnesses. They have made the task of designing and maintaining the workplace much more complex, and the task is likely to become even more complicated in the years to come.

On the one hand, designing and maintaining offices and factories, where people spend so much of their time, has always been a complex and complicated task. But that task is likely to become even more complex over the next five years, as the combination of new technology, e shrinking workforce and increased legislation revolutionises the way ses have to operate. On the one hand, company

directors are being forced to improve the workplace environment to comply with forthcoming European Commission (EC) regulations on health and safety at work. On the other hand, "facilities managers" under pressure to improve corporate efficiency have to cope with the legacy of past build-ing mistakes – now often resulting in workplace ill-nesses such as the "sick build-ing" syndrome - as they con-tend with the introduction of

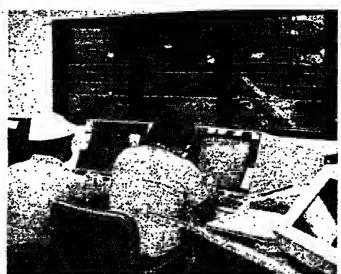
electronic equipment. Companies have realised for some time that wholesale relocation of office or factories can cause e mass exodus of quali-fied staff - it is not uncommon for 50 per cent of staff to opt for redundancy if their workplace is relocated. But companies are only just

beginning to realise that the environment inside the building, the office environment in particular, can be e contributing factor in ettracting and keeping staff, says Ms Stacey Litwin-Davies, a divisional director at Fitch Benoy, the architectural wing of interna-tional design consultants,

"If you put someone into an environment that is too big and open, then they lose their identity. It becomes a question of bums on seats, not a ques-







The Workplace Environment

tion of the individual," says Ms having your own office is such an important status symbol it gives you e sense of identity. If you can give people an iden-tity, then basically they will work well."

New technology, particularly office computer systems, can have the same effect as a bad use of space, according to the UK's Business Equipment and Information Technology Association (Beita), an association of international information technology suppliers, such as IBM, Digital Equipment and ICL. Dr Anita van de Vliet, who is compiling a report on the topic for Beita, says the view of both manufacturers and users is that information technology could be an isolat-ing factor if the building was not designed to compensate for

the new ways of working.

"For example, computer users generally like electronic mail," says Dr van de Vliet. "But they also think it can inhibit personal interaction if the building is not designed to compensate for the fact that information technology changes the way people work." Although information tech-nology has been introduced into husinesses to give them a competitive edge, many now believe that in the long-term it

could have the opposite effect.

In particular, the rise in inci-dence of repetitive strain inju-ries (RSI) among staff engaged in repetitive tasks is worrying many companies. Although, traditionally, RSI was a complaint of workers on production lines and at cash

tills in supermarkets, the complaint is spreading among staff employed on repetitive high-volume data entry tasks, in services such as banking and insurance, as well as information technology manufacturing and servicing companies. Any other job which involves the repetitive use of keyboards, such as journalism, can also produce the same complaint.

Although sceptics have frequently dismissed RSI as a malingerer's excuse, some senior managers believe that unless the problem is tackled soon, and computer users taught the best practices for using equipment, then the cur-rent situation could result in

The introduction of electronic equipment in office blocks causes far more immediate problems than the change in the way people work. Modern buildings can be designed to take into account the need for extra services to cope with compoter systems, in particu-Ducts can be built into the walls or between ceilings and floors to facilitate the installation of cables. But with older buildings.

particularly office premises built during the office block boom in the 1960s, the problem is much more complex. The decision is inevitably a

balance between cost and facil-ities. And, says Ms Litwin Davies, it can often prove cheaper for companies to actu-ally rehuild than to try and put modern facilities into and older building - "it's e difficult declsion for companies in Europe,

because here there is e very costly existing building stock. We're finding that a lot of clients are unnerved by the pro-hibitive costs of updating their offices," she says.

Ageing office building stock has also come into prominence

recently as the source of ill-nesses such as legionnaires disease and 'sick huilding syn-

This syndrome, which is caused when the air in a closed office block is not changed frequently enough, has been a particular problem in the US where the height of office blocks has dictated that, for safety reasons, there should be no opening windows. In California, where the weather forces companies to have e

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established in Europe, the US, Japan and Australia.

Mr John Arthur of the UK's

Something gulte unique is

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predominently represents the

occupiers of property, rather

- the foundation of a new

Association of Facilities

Managers (AFM), says:

profession, significantly

then the developers' or

landlords' interests. This

applies whathar the service

different In thet It

profile with e number of new

Commenting on the trend,

highly controlled workplace environment, employees have been quick to use the law to redress illnesses which come under the term 'sick building.' That has acted as e catalyst

for many US corporations to install equipment to eneble individuals to control their own immediate environment. Such energy management systems, which control the heat, lighting and ventilation of the building, can be adjusted by individual employees from their workplece – a worker could edjust the temperature of his or her office space sim ply by pressing a hutton on the telephone, for example, as the energy control system would be linked into the telephone

Growing role for facilities managers

AFM's membership stands

potential membarship of many

thousands who are involved

Is provided in-house or

et just over 300 with e

in the manegement of

premises, including the

fecilibes and services they

end the exchange of new

menagers from such

Hanover Trust, Chase

Internetional end BBC

contain. Training seminars

Information are key activities.

The AFM begen in 1986

companies as Manufacturers

Menhattan Bank, Standard

Telecom, Business Press

with e small group of facilities

Telephone and Cables, British

contracted-in.

their employees have some control over the environment in these so-called 'intelligent buildings,' they will be less likely to suffer illnesses - or,

at least less likely to suc. Although North American companies are changing their perspective on intelligent buildings, and seeing them as a way of improving employees' working conditions, that view is still rare in Europe, says John Bernaden of Johnson Controls, which along with Honeywell Controls, dominates the North American market for such systems. In Europe, be says, companies still see such systems as a tool for cutting

In the US alone, the market

Television, prompted and ancouraged by Dr Frank Duffy

and planning consultancy, and the International Facilities

Menegement Association of

Corporete thinking about

management in the UK mey

behind the US, according to

Cornell University in the US, and one of the world's

euthorities on the subject.

For more details about

AFM, contact Rosemary McMahon in London on 01,370

still be three to five yeers

Prof. Frenkiln Becker of

facilibes planning and

of DEGW, the architecture!

Companies are hoping that if for such energy management employees have some systems is worth \$3bn (£1.7bn) a year. In Europe, by comparison, the market is growing rapidly, but will still only be worth \$1.7bn by 1992, according to market research organi-sation Frost and Sullivan. The growth in the market has been fuelled by the availability of microcomputer-based systems,

which can be installed for as little as £2,000. Standards on requirements for buildings, such as on heating, lighting and ventilation. are now being thrashed out in the EC in Brussels. At the heart of the problem is whether stricter regulations proposed by colder northern European countries, for services such as thermal insulation of buildings, will win favour. Or wbether less severe regulations, favoured huy southern European countries,

will bold sway.

Already passing through the legislative pipeline in the EC are a number of health and safety regulations which will have to be incorporated by companies in all the member-states. They include regulations for the use of machinery, personal protective equipment, video-display units and manual

handling. Regulations on the safety of machines and personal protec-tive clothing are likely to be on the statute books this summer, which could mean businesses have to comply with them

within two years.

Experts in the area of health and safety, such as John Ridd, bead of the ergonomics unit at Continued on next page.

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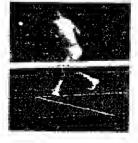


















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The key word is flexibility

THE ABSOLUTELY ideal workplace does not exist. Most employers have to make the best of what they can get - e compromise between costs. staff comfort and the limitations of the bricks and mortar around them.

Some organisations are wealthy enough to build their own factory or office block, but even here the confines of costs and planning rules are powerful. Only recently have hightechnology companies been freed by planning reforms to use space as they choose rather than separating research, manufacturing end office space into distinct parts of huildings. This wes an anathema to organisations where such divisions are blurred and constantly shift-

Today's developers are not geared to produce the perfect solution. They aim to create buildings which appeal to the widest range of possible cus-tomers, and therefore fully satisfy none. It is then up to an engineer, architect or space planner to manipulate things to meet a tenant's needs.

The most enlightened developers make thinge easier by not finishing the interiors of their creations. An office block will be left with the basic ser-vices installed but no partitions or ceilings. Offices will be fitted out on the upper floors of a buiness park building but the ground floor left bare. Tenants are left to shape the epace to their particular needs.

This is a major improvement over the glass stumps and industrial sheds which still make up the majority of work-places in the UK. Property investment funds, which have the whip-hand in deciding how most new buildings are designed, have accepted that tenants will not emerge unless they can house their staff in comfort and accommodate all the new pressures of modern

technology. Today's key word in work-place design is flexibility: comorrow's will be comfort. Modern companies are chang-ing so quickly that they need to be able to switch eround ectivities almost overnight.

"In essence, you have to treat every building as a box which plugs into the surrounding environment," says Nicholas Terry of engineers and architects Heery Internation-al. Once you know you can get staff in and out efficiently, the aim should be for total flexibility within the box to meet any possible changes."

The squat blocks going up

around the City of London are classic examplee, but so are many of the new greenfield business parks spreading around major cities.

Another basic principle is to make that box comfortable for

New buildings are no longer designed on the long and thin' pattern, suitable for the small offices and corridors fashionable at the time. Wide and squat is the modern image, giving big floors which can be manipulated with partitions into an enormous number of configurations, says Mr Terry. That has led to the ubiquitous atrium, which not only pro-vides a pleasant outlook for

light to what would be dank inner areas of the block. Managing the arrangement of work within this envelope will vary according to the type of husiness involved. Architect GMW asks its clients to compete a detailed questionnaire, not just about staff numbers

staff but also allows in natural

For companies seeking to keep the highest-qualified office staff, tomorrow's key word may well be 'comfort.'

staff both to work in - and to reach from home. The forecast fall-off in school-leavers during the 1990s will divide husiness sheep from goats, as top-qual-ity staff will be able to pick and choose where they work.

Many growth companies have already decamped to pleasant husiness parks and spent for-tunes on interiors – not just for flexible efficiency, but to

Others are more restricted to town centres and may have to make the best of the buildings they can find unless rich and confident enough to build their own home. Making a 1960s' glass box both comfortable and efficient can strain the resources of architects and space managers because these outdated buildings usually cannot cope with the cables and air-conditioning needed by even the most mundane of

offices today. In fact, Victorian buildings can even be easier to manipulate because they have the space for suspended floors and false ceilings.

GENERATION 3

Office environments are not

always friendly towards the

injuries such as tenosynovitis

are causing growing concern

JENSEN furniture responds to

the needs of individuals and

machines, allowing them to

work together in greater

body and repetitive strain

and functions, hut image and organisation - "office layout will depend on bow people interact and communicate, either on a head-to-head basis or down through a pyramid."

Offices in the past tended to be cubicles opening onto corri-

dors - part of the reason for all the long and thin carbun-cles. This is still relevant for, say, a solicitors' operation, which requires privecy. But open-plan suits an administrative, back-room husiness with lots of clerks doing similar work, or an enlightened company which seeks to keep managers at the same level as

Everyday work practice will also determine the best way to organise layouts. When designing a new centre for Townsend Thorensen in Dover, it was found that people worked in groups of five, so furniture was designed in bexagons. And because several people shared each desk in shift rotation, they were given extra personal storage space and fitted for convenience of both left and right-handers.

This sort of detail can easily be lost in standardised office layouts which seem theoretically ideal, but end up irritating staff and reducing effi-ciency. GMW builds and tests prototypes to iron out wrinkles: when converting Shell Mex House in the Strand, it let staff loose on a complete 4,000 sq ft office before carrying ont the rest of the work.

Not everyone has the choice of starting from scratch, how-ever. Older buildings often

by refurbishing or merely switching around the furni-

"The shell of a building can last up to 60 years, but the main mechanical and electrical systems may be changed two or three times during that life," says Mr Terry. Furniture may he switched every few

Space managers come into their own in trying to translate the principles of new office arrangements into existing workplaces. Legal requirements for space allocation are almost irrelevant: The Offices and Shops Act demands 400 cu.
ft per person, but it would be hard to squeeze a desk, chair, body and files within that bare 7 sq ft - and still attract staff.

But as space is at a premium in high-rent offices the space planner will struggle with the almost impossible task of using as little as possible while still ensuring that desks are com-fortable and well-lit, near windows hut eway from potential nuisances such as photocopiers and coffee machines, and in line with the sub-floor cahle runs that feed each desk-top

screen and telephone.
Layered on top of this, however, is the personal element: certain people may prefer to be closer or further from each other than theory dictates. Detailed plans drawn up on computers are shattered when one or two staff members decide to move their desks to chat hetter - or escape the office smoker.

Modern industrial workspaces are not much different rom the electronic office. In fact, ae manufacturing becomes cleaner and lighter, the buildings and staff begin to look remarkably alike. Process engineers tend to decide ideal layouts for computer con-trolled operatione, but even here the potential shortage of skilled staff will demand high degrees of comfort as well as efficiency in future.

The out-of-town business park is destined to provide as comfortable an environment for industry as for office work in almost identical buildings. Already there are manufacturing operations with a higher standard of climate control than the offices which bold

their managers.

The boot will have well and truly switched to the other foot when the outstanding task of workspace planners is to raise office standards to those of . industry.

Problems raised by the 'sick building syndrome'

There are no simple solutions

TAKE A crowd of people, coop them up in an airtight building filled with modern furnishings and it should not be surprising if they go down with head-aches, sore throats, skin rashes

Many people are allergic to some form of man-made material, chemical cleaner, or co smoke – and trapping them in the same space, where they also share the same air as a few bundred other lungs, is not the best way to promote good health.

Yet, until recently, the idea that workplaces caused illness was thought to have gone out with dark Satanic mills. Even now the "sick huilding syn-drome" (SBS) has not shaken off the suspicion among some managers that it may be all a convenient excuse for malin-

But the evidence that something is badly wrong with the wey many modern buildings become too significant to Ignore. The Institute of Mechanical Engineers by are designed and run has piled an information pack more than 100 pages long on buildings and healtb - and that is just the reading list. Numerous studies have been

done and still more are planned as scientists and designers from various counnature of the problem and begin to share ideas.

At an international symposium on sick buildings, beld last year in Stockholm, leading trade union representative complained that a major social problem had grown up but they had little knowledge of the causes or solutions. The main chadow of suspl-

cion for SBS has hung over air-conditioning systems since the dark side of new office technology emerged in the US, almost two decades ago. Office staff fell ill before then, but it was gradually realised that

air-conditioned blocks seemed to suffer worst. Burgeoning use. of desk-top computers and other heat-generating electronics has spread air-conditioning out of hot climates into northern Europe, and SBS has fol-

But this is too simplistic an answer to a complex group of problems emerging from various studies. One British investigation claimed that 80 pe cent of air-conditioned build-ings were "sick," hut as tha Heating and Ventilating Contractors' Association (HVCA) points out, other office blocks also suffer problems. There are also curious anomalies: public hulldings tend to be worst hit and clerical workers fall sick more often than higher grades. It may seem like hair-spit-ting to sufferers, but air-changing rather than air-condition-ing should be the real target for attack, with a host of other

factors contributing to general malaise. Air carries the pollutants and germs which create and spread illnesses, and whether conditioned or not whether contributed of normal if it is not changed properly, it will cause problems.

In older buildings, a stuffy head or tobacco smoke could

be cleared by opening a window: today'e workers in sealed buildings rely on air extraction ducts which may not be up to the task.

The Swedish conference was told that et least 40 per cent of that country's population had some form of allergy, yet the airtight building is a breeding ground for microscopic mites and spores because environmental control keeps bumidity and tempereture at a suitably systems made matters worse rather than better, said Mr Gray Robertson, head of US

consultants, ACVA.

A study of more than 40m sq
ft of office space revealed
examples of filthy ducts even
in sensitive areas such as hos-

pitals, where spores and bac-teria bred overnight to be sprayed around buildings dur-

ing the day.

More than a third of the systems were using recycled air alone, rather than diluting this with fresh outside sup-

Some ventilation specialists claim to have cracked the prob-lem by ensuring that fresh, brought in to flush out impuri-ties. Aptly enough, considering the Nordic concern for health, two have strong Swedish con-nections. Anders Nisses, which played a hig part in the sympo-sium, is singing the praises of the Anglo-Italian Riross sys-tem of underfloor air supply, which it has used extensively around the world and is fitting

The main shadow ofsuspicion for the sick building syndrome has fallen upon air-conditioning systems

into a showpiece development of the former Crown Agents' headquarters on London's Mill-

Another Swedish idea, called Floormaster, also ducte in fresh air at low level, working on the principle that the fug and fumes from an office will be pushed upwards for extrac-tion. UK distributors, Stratos, point out that heat control is important as each worker gives off as much energy as a 100 watt bulb and productivity drops by half when tempera-tures rise by 4 degC from a comfortable working level of 20

degC. On the other hand, indus trial accidents increase by 30 per cent with a fall to 12 degC. But air-conditioning systems may achieve this balance by

stirring up the air and pollutants by pumping via ceiling distributors.

The HVCA in Britain recommends a minimum air volume supply of eight litres per persupply of eight fittes per per-son per second in its set of guidelines, 'How to Avoid Sick Building Syndrome.' But in practice, occupiers are often ignorant of the capacity of their systems or stuck with what they have inherited in an older huilding.

Overcrowding develops imperceptibly with an extre desk here and another fume-producing photocopier there. Switching rontine clerking to electronic screens can mean people suddenly find themselves working in a fixed position and at a pace set by oth-

"A person under stress is much more aware of physical discomfort and likely to be more susceptible to bachache, eyestrain, sore throats and the rest of the symptoms of sick hullding syndrome," says Mr Roger Henderson of space planners, Anderlyn. "Attribution of these complaints to a single cause may be bogus, hat the ailments of the individual are generally genuine."

So "sick" buildings are no figment of the malingerer's imagination - but the cure is much more complex than first thought, involving correctly designed environment control and a delicate manipulation of office politics and sociology.

Office managers have a long way to go before they come to grips with the problem, but as Sigvard Marjasin, leader of 20,000 industrial safety delegates in the Swedish Municipal Workers' Union says, workers can at least be made aware of SBS, so they can link their problems with their workplace "otherwise they will feel bad without knowing why."

New recommendations for building maintenance services

Greater awareness of health hazards

THE STREETS of London's West End began to resemble the set for some science fiction movie earlier this year. News emerged that a microscopic killer had made another silent foray from its secret lair high in surrounding buildings to rain death on innocent crowds

shown struggling against time below. Men in white coats were

aches loosely associated with toll from the pneumonia bac-teria, legionella. But they are hoth rooted in the poor design and maintenance of building

service systems.
As ontbreaks increase, building owners and occupiers are nervously anticipating bage legal bills from casualties or dependents. unless they clean

up their act.
But both they - and envi-ronmental bealth scientists face the problem of Identifying the killer's lairs. Water-cooling towers for air-conditioning systems are a prime suspect. The bacteria is fatal only if inhaled by those susceptible to the disease after being sprayed into the air and carried on tha wind. While most systems are air-cooled, there are still bundreds of these towers along the rooftops of an office centre like Leicester Square, where West-minster council officials have been desperately trying to trace one source.

The drama of recent ont-

Association (BSRIA) has discovered the organism in more

Continued from previous page. the Robens institute of Health and Safety, which is part of the UK's University of Surrey,

believe many husinesses are

not fully aware of what the leg-islation will mean to them. In

carry out an assessment pro-

sure it conforms to the new

companies are not aware of, or

not concerned enough about,

the implications of the new

will involve - "some compa-

nies are saying that if they have to implement all the nec-essary steps that appear in the

manual handling document,

for example, then they will go out of business. And these are

major companies talking,"

regulations.

says Mr Ridd.

es' and the death

breaks such as at Broadcasting House in London also hides the fact that other water supplies can be just as dangerous to workers within buildings. The bug is found in virtually all water, but can become dangerous through the aerosol action of taps, showers and bumidifiers as well as cooling towers. The Building Services Research and Information than half the public buildings

traced to the hot water systems of other hotels, according to Mr Paul Godwin of the Sinnett Partnership, consulting engineers. Hospitals ironically became health dangers in 10 cases and shopping centres

More than 70 outbreaks of Legionnaire's Disease have been recorded since the bacteria was

discovered.

have notched up almost as many attacks.

Calls for cooling towers to be outlawed are, therefore, played down by engineers as a solu-tion to this health hazard. But building tenants and owners will have to commit them-selves to much more stringent maintenance of all water-based

systems in future. Enough research has been done for the BSRIA to draw up a checklist of the conditions under which legionella can become virulent. Avoiding these conditions should be relatively easy. Unfortunately, maintenance is a low priority for many managements

A plethora of Health & Safety Executive advice has been rusbed out in recent years hut this can prove use-

less unless interpreted propshown strugging against time to locate and destroy the beast.

Legionnaires' disease once more became an everyday term, as the sickness within buildings seemed to spill onto that pavements outside.

There is a world of difference between the coughs and head-between the coughs are the time to the time that the public outliness and were partly blamed by the more than 70 epidemics and were partly blamed by the more than 70 epidemics and were partly blamed by the more than 70 epidemics and the time to the was disease discoving tractors' Association on the mild winter, which stimulated growth of legicine is a world of difference the was disease discoving tractors. Association on the mild winter, which stimulated growth of legicine is a world of difference the was disease discoving tractors. Association on the mild winter, which stimulated growth of legicine is a world of difference the was disease discoving tractors. Association on the mild winter, which stimulated growth of legicine is a world of difference the was disease discoving tractors. Association on the mild winter, which stimulated growth of legicine is a world of difference the was disease discoving tractors. Association on the mild winter, which stimulated growth of legicine is a world of difference the was disease discoving tractors.

More than 50 outbreaks were dations to clean systems during April and May rather than bringing the work forward to take account of the unusual weather conditions. "There is no reason why wet

systems cannot continue to be used, hut this must be coupled with proper maintenance and materials that cannot encourage bacterial growth," says Mr

Legionella may be elimi-nated, but it can be prevented from growing. Tenants and landlords will have to take a harder look at background services in their buildings which seem, on the face of it, to be simple and trouble-free. The courts may weigh liability in large damages cases against management attitude to maintenance and whether expert

advice had been sought.
Such costs are likely to dwarf the amount necessary to tweak danger points ont of an average wet system and set up proper maintainance regime. There is no need for mass conversion to dry systems, which would be neither easy nor cheap in most cases, says Mr

In any case, that would still leave the dangers from taps, showers and fountains. But he fears that unless the problem is eradicated quickly, public disquiet may rise to a pitch where new laws have to be hrought in to outlaw wet-cool-

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Della Bradshaw on 'teleworking' from home

Big benefits all round

IMAGINE not baving to commute every day, but being able to work from home. With advancements in technology that is now an option open to many office workers. And it is an option that many employ-ers are begin to promote.

The combined problem of congested traffic systems in major orban conurbations and the need to retain skilled staff has forced employers to consider teleworking, often called telecomputing, as a way of working, says Brede Robert-son of IT World, the information technology and teleworking consultancy. Interest has developed particularly strongly over the past three years, notes Ms Robertson.
Although teleworking,

which entails the use of computers or word processors out-side the normal office environment, usually at home, has its roots in the computer industry, the London-based Henley Centre for Forecasting believes a very wide range of jobs can be carried out in this way. The Centre predicts that hy

1995, 4m people, from basic clerical staff to professional and management employees, will be doing at least some ele-ment of their work at home. Despite the growing interest in the UK, British employers in fact come hottom of the European league for enthusi-asm in teleworking. In a study conducted by the Bonn-hased

research organisation, Empirica, for the European Commission, only 35 per cent of deci-sion-makers questioned in the UK said they were interested in employing teleworkers. By comparison, 60 per cent of Italian managers — top of the table — said they would be

interested in employing staff working from bome. Teleworking has obvious benefits for employers. They experience financial savings on overheads such as beating, lighting and maintenance, and, in particular, office space.

In addition, if they employ teleworkers living in areas away from the main skills shortege centres of London, New York, or other capitals, then wages can be lower as well. In London, for example, companies often have to pay more than £3,000 in London weighting allowances. But one of the biggest bene-fits for employers is that tele-

workers tend to be more pro-

ductive than their office-bound counterparts. Companies such as FI Group (formerly F Inter-national), the computer consultancy group which was one of the original pioneers of tele-working in the UK, notes that without the distractions of the general office environment phone calls, gossip and endless cups of coffee - teleworkers

The London-based **Henley Centre** believes a very wide range of jobs can be achleved with teleworking

can concentrate better and so

finish a task more quickly. Other UK computer compa-nies are noting similar results. Bull HN Information Systems (formerly Honeywell Bull) in West London, ICL and Rank Xerox all believe that working in the home environment increases productivity.

But because most teleworking is done at home, employers usually insist on certain working conditions. Employees must, for example, have made adequate arrangements for children or other dependents, so that they are not disturbed during the day.

In addition they must have a room separate from the rest of the home, where expensive computer hardware can be locked away from childrens' sticky fingers.

Those rules have been par-

ticniarly important over the past ten years, when most tele-workers have been women who gave np traditional full-time office employment because of family demands. Now, however, there are a growing number of men who believe teleworking is the most effective way to work. One such example is Colin

Coulson-Thomas, formerly a full-time public relations employee with Rank Xerox. Now be combines that job with a similar role for the British Institute of Management, and he is is a director of the Aston Business School in Birmingham as well. He believes that not having to commute into the office every day gives him the time to pursue other activities. And rather than spend-ing time in endless regular meetings he can ensure that any appointments that he does make, bear fruit. Apert from the need to employ skilled staff, the fall-

ing costs of computer hard-ware have also encouraged some employers to take the plunge and allow their work-ers to work from home. Personal computers, for example, which along with terminals or workstations form the basic workstations form the basic equipment for fully-fledged teleworkers, can now be bought at under £1,000.

In addition, remote workers need a telephone and, if the work is to be sent directly to the central headquarters, a

modem, which translates the digital information from the computer into a language which can be sent over the ordinary telephone line. Fac-simile machines, portable com-puters and mobile telephones are all contributing to make the teleworker'e life easier. Although teleworking was

originally introduced as a way of employing people who found it difficult to carry out a full-time office job - such as parents with small children or the disabled - It is now developing a new image as a way of dipping into pools of unemployment. The UK Govern-ment, for example, has just launched Project Frontline, which is intended to help regenerate areas of high urban anemployment.

The plan is to set up a series of information technology work centres in five major inner city areas. More than 500 people will be trained in scarce skills such as datapro-cessing, and will work in the centres for companies based in London and the sonth-east, where such skills are scarse. Several similar schemes are

already in operation, one of the most unusual run by the New York Life Insurance Company, of the US. Its latest office is in Castleisland in the Republic of Ireland, where 70 employees process insurance claims for the American par-

Up to 15 per cent of the com-pany's claims are flown over to Ireland, where they are processed, and the resulting information sent back to the com-pany's computer centre in Clinton, New Jersey, over a dedicated telephone line. **Key catalysts for change** will have to implement a lot of new systems and procedures for assessing safety in the workplace, and they will have

to be implemented at manage-

ment level.
"Because the new laws will particular, they are unaware that they will be required to be more onerous, so there will be more work for managers to do," explains Mr Ridd "I believe it will mean that cess in the workplace to make responsibility for safety at work will have to move up the In my view, the majority of ladder in companies, and managers will have to play a far more active role in implement-

directives to take action so that they will comply with the lew when it comes into effect," However, managerial interest in the design and imple-mentation of the workplace is already on the increase, says
Ms Litwin Davies, and she
believes that will have a very
positive effect on the working Those who have studied the proposals, he believes, are worried by the extra expense they

"Clients want to know what all their options are before they make a decision. They really want to understand what they are getting into. You can no longer design an office on the drawing board and then Mr Ridd believes companies just sell the client your ideas."

One reason for that is the growing awareness among managers thet as well as being a key to maintaining qualified staff, the design of the work-place is also a marketing tool, expressing the character of the

As Europe follows the lead of the US in building speculative offices and industrial units. offices and industrial units, such as London's Broadgate or Docklands developments where the tenants are not known at the outset, more and more buildings are being constructed which do not express the identity of their occupants. The situation is particularly acute in the UK, where new rules mean that a light indusrules mean that a light industrial unit can be changed into offices, and vice versa, without local authority permission.

"Companies are beginning to realise that to hold on to their marketplace, or to create a new one, then they need a building with an identity," explains Ms Litwin-Davies. But, in the end. she acknowledges it is all s question of how much compa-nies are prepared to spend.



Health and safety at work

The agenda widens

THE DAYS when office health and safety was just about the dangers of beavy filing cabinets and cables running along the floor which could trip people np, are going.
For moch of the 1970s the

tions

health and safaty agenda in offices was drawn from long established traditions within manufacturing industry. It was mainly concerned with quite obvious, physical hazards, which could lead to accidents. But since the widespread

introduction of computers systems in the late 1970s, the agenda has hroadened. Not only does it now concern occu-pational health as much as

It also has to encompass a far more diffuse set of threats to health, such a stress, the effects of working with VDUs, and most recently smoking, than merely physical hazards Large companies especially are hecoming increasingly

aware of the importance of developed health and safety policies for staff, which extend beyond the odd poster warning against slippery aurfaces. Health care packages are now an important part of the

overall renumeration package for skilled workers. This is partly because company's are keen to ensure their key workers get back to work as quickly as possible after illness But it also reflects the growing demand for health care

from employees. The very obvi-ous public furore about the future of the national health service finds a more muted echo in rising staff expecta-tions of company health care

Thus, an advertisement attracting companies to invest in Swindon, Berkshire, highlights two young people run-ning through open fields beneath clear skies. The environment for key skilled staff from rural settings to smoke free offices - is vital to

attracting and retaining them. The occupational health and environment agenda is increasingly spreading to include the quality of food offered in staff

132315

canteens and the provision of fitness facilities for middle

However, over the last conple of years two issues have risen to prominence: smoking and repetitive strain injury. A recent survey in the US found that 65 per cent of companies had designated areas of their workplaces no smoking areas, with 15 per cent banning it all, together

lt all together According to Action on Smoking and Health, the smoking pressure group, calls from employers inquiring about smoking bans have risen dra-matically in the last two years

Today's Issues put new pressures on managements

to about 200 a month.

Volvo took the opportunity of moving to a new building to introduce a smoking ban for its 630 white-collar staff. Smoking at work is now a disciplinary

offence. However, larger companies such as British Telecom have chosen to introduce a plecemeal policy. Staff can vote to ignate their area non smoking if they wish.

in contrast to mana at Volvo, BT has written the no-smoking clause into contracts of employment. In an initiative which is likely to spread throughout the Clvil Service, the Cabinet Office has restricted smoking to desig-nated areas away from work

One factor behind company moves is the possibility of legal action against employers from former workers claiming illnesses were the result of passive smoking. ASH is hoping to take a test case soon to prove employers' potential liability on the issue of passsive smok-

Repetitive strain injury is also very much a health issue of the modern office environment. Manual workers carrying out repetitive tasks such as packing have long been prone to RSI. But in the last few years it has spread to office ataff, especially those who work at computer terminals.

Medical opinion is split on the causes of RSL There is lit-tle doubt that it causes irritation, pain and possibly temporary paralysis in the arms and shoulders of people who suffer from it. Some medical researchers argue that trade unions have exaggerated the dangers of RSI, to press a range of unrelsted claims over

stress at work. However, the mounting evidence on RSI suggests that it is not purely a product of the way people use keyboards. Posture, seating, lighting, pressure and stress can all contribute to it. Though the aches and pains of RSI often start in the fingertips, they seem to be caused by much more comprehensive problems about how people

The emergence of these different health risks at work makes the task of management all the more difficult. Introducing a smoking-ban is a tricky political exercise, which can provoke strong responses on one hand from people who feel their health may be threat ened and on the other from

people who feel their individ-ual rights may be under threat. Similarly, designing a new office to avoid RSI will probably involve not merely expert advice but also consultations with staff. Thus, the extension of the health agenda at work out of the narrow confines of the 1970s, and into the wider issues to do with the work environment will put new pressures on management

Managers will probably have to respond to a wider more complex set of issues. They will also face more assertive demands from employees and develop policy in a more open, participative way if they are to create work environments hich will satisfy more assertive

Charles Leadheater

Growing awareness of the need for good office planning

Keys to greater office productivity

OFFICE LIFE presents many paradoxes. Collaboration between peopla abould be encouraged, but not at the expense of thwarting individual effort. Managers abould remain accessible, but still be given conditions where thay can carry out concentrated work without too much dis-

traction.
Today's plannars generally sgree that conditions of total privacy should be achieved for the few individuals who require them, hnt without com-pletely separating senior staff from other members of their

Furthermore, staff they need

The challenge is to properly facilitate frequently-changing Internal

arrangemants'

to be given a clear say in the layout of their own workplace, without compromising the effectiveness of group layouts.
According to Mr Terry Trick-ett, principal of Trickett Associates interiors in London, architects and designers have often missed the crucial connections that need to be made between joh design and the provision of appropriate workng environments. They have focussed too much on building and furnishing elements.

agement philosophies cur-rently heing embraced by today's organisations have not as yet generated appropriate forms of physical expression. Compared to a hospital or theatre, designing office build-ings is not particularly complex. The challenge lies not so much in producing an effective long-term huilding enclosure, hut more in facilitating fre-

He argues that the new man-

quently changing, compara-tively short-term internal Incoming tenants frequently find they need to carry out costly refitting exercises which involve making fundamental

changes to internal services and finishes provided by tha original developer.
"Unfortunately, much advice that is provided on the subject of office change and 'office planning is superficial and insufficiently impartial," says

Mr Trickett.
Today, facilities managers must examine the office work-place in the context of inte-grated individual workstations. Companies need to pay particu-lar attention to work surfaces and seating, computer related furniture systems, screens and partitioning systems, storage and cable management

The integration of these elements today takes place hap-hazardly, and usually from the point of departure of one specific discipline. The comp industry provides the most for-mal methods of development for integration, hut again with a specific orientation towards computer products and from the point of view of IT suppli-

in December 1984, the European Community embarked on a project to address Human Factors in Information Technology (HUFIT) as part of its European Strategic Programme of Research and development in Information Technology (Esprit), the Esprit 1 Office Systems programi

The project will he com-leted in this November and a key objective is to provide products which are more closely matched to the tasks, needs and characteristics of

The industrial partners in the project include Bull in France, ICL in the UK, Olivetti in Italy, Philips in the Nether-lands, and Siemens in Ger-

Two European "academic centres of excellence" are responsible for the organisation of the project - the Fraunhofer Institut fur Arbeitswitschaft und Organisation in Germany as prime contractor, and the HUSAT Research Centre in the UK

The project is split into three

STATE OF COLUMN TWO THE REAL PROPERTY.

Example of a well-integrated office modern office: the Rank Xerox international headquarters at Marlow, Buckinghamshire - an advanced anvironment, built to adapt to change. It is the local point of a £2bn business, involving nearly 30 marketing subsidiaries.

areas. The primary purpose of the first is to ensure that by providing sppropriate buman factors inputs during the prod-uct design process, usable IT products will ensue.

The second area seeks to provide theoretical and empirical knowledge ahout hasic interaction modes, like direct graphic manipulation, natural and formal languages and so on, for application in products with integrated human-com-puter interfaces.

The third aims to raise the level of awareness, knowledge and practice of buman factors in the European IT industry.

A HUFIT toolset is being developed in collaboration with users to encourage user-centred product design. A primer, Quick Ergonomic Design (QED) gives an overview of human factors and provides an introduction to the other tools, which cover design, documen tation, and human factors eval-uation. The HUFTT project and its component tools were cov-ered in detail by HUSAT staff at the Ergonomic Soclety's 1989

annual conference, held in Reading in April.

The benefits of such programmes on users may take some years to manifest themselves. Meanwhile, there is no sbortage of proprietary solu-tions from niche suppliers all offering different methods and

products for integration. in the approach to the wider European market in 1992, Kathy Tilney, of the Tilney Lumsden Shane design group, predicts "a greater flexibility in office design and layouts as a result of the increased varigeted to the European market - the 'corporate' mould of the American-style office is being sbaken off and there will be a greater opportunity for individial companies to develop their

own identities. What environments do office-users expect? A survey entitled "The office now and in the future," carried out by Audience Selection, on behalf of Asher Systems Furniture, polled opinions from 51 archiects, 52 design companies and 100 end-nsers, made up of

> The integration of equipment is often haphazard

senior personal assistants and office managers.

The largest sample (22 per cent) comprised companies in the £1m to £5m turnover tudes towards working in an office, the office environment, office design improvement, and the office of the future.

On the subject of chairs and worksurfaces which are beneficial to posture, almost every-one (97 per cent) thought this was "important." Desks with effective cable management systems are regarded as essential" hy 79 per cent.

Three-quarters - architects and designers in particular believe a restful colour scheme to be essential, while 65 per cent are keen on plants and pictures in the office. However, the survey revealed that 64 per

cent do not like open plan

Storage space can he the cause of many office problems and 59 per cent said they thought plenty of storage space was very important, with architects feeling this most stroogly (71 per cent). Only 55 per cent rated as important the use of screens with overhead storage space, although 40 per cent of end-users said they would like them.

The top three areas identified for improvement were lighting, heating/ventilation and noise levels. There still appears to he room for improvement in office chair manufacture with 48 per cent wanting them to be more posture adjustable.

Office desks and worksurfaces do not come up to stan-dard either, with over a third thinking they could be made more comfortable. As with most facets of mod-

ern life, the occupation of offices is hedged around with a vast amount of legislation. Specific Acts, such as the Offices Shops and Railway Premises Act (Osrpa), are rather vague, according to Mr Jack Horsnell, author of the NKR's Guide to Moving Office. On lighting, for example, Osrpa merely states that "suitable and efficient lighting must be provided, although bye-laws are usually more spe-

cific, particularly in London. Given these sentiments, it remains to be seen whether market forces or legislation, or hoth, will drive forward improvements in the office environment.

Boris Sedacca

Higher quality demanded in US offices

Shame of the empty towers

DESPITE rock bottom rents, differences in definitions shade in the mid-1970s depression, the brought back and fixed to the empty office buildings shame the figures. There are so many enormous spate of office building. This exercise is the central husness districts of see through towers because ing in the early 1980s has reputed to have saved \$2m — many North American cities.

Late last year, Coldwell 1986, developers were driven by construction has stopped. Banker, US national real estate - generous incentives which advisers said that 16.3 per cent enabled some losses and interof downtown office space in 46 est on debts to be written US and Canadian cities was down. vacant. The vacancy level ranged from 34 per cent in Austin, Texas to less than 7 per cent in Toronto.

By contrast, Jonea Lang Wootton recently said that in the West End of London only 1.7 per cent of offices were

empty.
Other American analysts give similar figures, although

Banks threw money at real estate people, many of whom were unschooled in the business, which has always been sophisticated and difficult to do well. To some, building a gleaming office tower named after themselves was akin to having a movie star as a mis-

tress.

Despite the lessons learned.

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It is impossible to generalise about America because of the vastness of the place, but examples from some cities which have succeeded in climbing out of a hole have one common denominator: few of the best-located, highest-quality buildings - quite hreath-taking by European standards have gone to the wall.

Also, where the city fathers have taken a strong stand in controlling development and

design standards, sellers' mar-kets predominate. Of all places, Houston has probably suffered most from overbuilding and failing banks and savings and loans, tempted into the commercial property scene, once awash with oil money. Some of the buildings are now so-called "junk-space." built free from zoning controls, and will never be let. Others are on the market for less than

half their replacement cost. But, in tha last 12 months, Honston has undergone a revival which many analysts say is the first sign of the emergence of Texas, which has resources and potential which some day may challenge those of California. The best developments still attract tenants by offering huildings of a new generation. Although the days of rent-free years and similar concessions are over, \$13 (£7.60) per sq ft is an average annual rent in a downtown

Houston office tower.

Two internationally admired and innovative developers, Gerald Hines in Houston and Trammell Grow in Dallas, have set the trend.

Hines started full-time property development in 1957 and in the intervening years he has built more than 78m sq ft in 384 projects in 34 cities in the US, Canada and Mexico.

Trained as a mechanical engineer, Hines is famous for employing some of the world's top architects such as Skid-more Owing & Merrill, Philip Johnson and I.M. Pel, and for his Galleria concept - a com-bination of high class shopping malls, hotels, offices and res-taurants around an indoor skating rink - now copied worldwide

Late last year, he told me that he still oversees many of the details of the schemes himself. His meticulous engineer's eye saves money by taking an inch or so off a ceiling height to reduce air-conditioning costs; adds value by changing the configuration of towers to give more corner offices, but always insists on high quality.

Texas Commerce Tower in Houston, for example, is faced in granite which was bought in Vermont, sent to Montreal by road, shipped to Italy for cut-

ting and polishing before being

hardly ever be seen. He admits to "not getting a return on every dollar" and helieves genuinely that hy driving up the standards of US office buildings by example, he has improved working condi-tions for millions of people.

A reputation for fair play and a commitment to manag-ing all his buildings after completion attracts tenants and

investment partners alike.

Trammell Crow, now in his late 70s, started his development company in 1948. His new

Some unlet office buildings are referred to as 'Junk space'

wife had inherited \$1m from her family's grain company. Part of the legacy was a ware-house in downtown Dallas, which Crow sublet as his first

property deal.

He then started to huild warehouses — not the tradi-tional brick or clapboard boxes — hut set behind smart fronts in landscaped grounds. Imme-diately popular, this concept was the forerunner of the mod-

ern business park.
Then, in 1954, he huilt the
Dallas Furniture Mart, again a
trailhlazer concept, with a
bright public atrium, planting and framed pictures, many of which were original.

Now reputed to have a per-sonal fortune of more than \$600m, Crow says he sticks to his old philosophy – "greed is not good business" and "you should always do right hy peo-

His own Dallas office buildnis own balast ornce, building is close to the epitome of quality. Although wrongly accused of having an oil-based economy (only 2 per cent of employment is in that sector) Dallas's recovery is running only a little behind that of its greet viral Houston.

great rival Houston. great rival Houston.
Tha 50-storey Trammell
Crow building at 2001 Ross
Avenne offers so-called
Grade-A space (an accolade
afforded in Dallas only to top
buildings less than 20 years
old) in a cruciform plan and
with faceted sides clad with granite enclosing 1.12m sq ft of

Hidden outside the building in landscaped gardens there are 64 waterproof loudspeakers (which each cost \$350) controlled by s resident sound engineer who used to work for the Rolling Stones. Apart from playing lively

music and hird song in the

morning to get workers in tha mood, the engineer sends them

homs relaxed by dreamy tunes interspersed by the sound of running water. The public parts of tha huilding are adorned by \$5m worth of art, including five original Rodin sculptures. There is a bakery, nicely placed to greet secretaries with the smell of fresh hread; a flower shop in a lobby which has the concession to snpply exotic displays near the lifts with some of the plants flown in from Africa: the lifts themselves are brass lined, with panelling nearhy taken from a single log of Buinja hardwood from the Ivory Coast, the floors are of Calacatta marble from the same quarry that Michelangelo used for his David statue. it goes on - an exhibition on the site in 1987 featured a

jumbo jet.
Mr Michael Morris of Han-scombe Associates, a chartered surveyor with extensive experience in project management in North America, says these fea tures have to be put into perspective. The concept of "shell and core" is common there. In other words, the tenants take over unfinished office suites with vary modest amounts-given to them by the landlord for providing their own parti-tions, lighting fittings and the

locomotive flown in from Scot-

land hy a specially-adapted

in Boston, by contrast, quality is imposed by the authori-ties, not demand led. Since Authority has kept developers firmly under control and started with cleaning up the seedy downtown "adult enter-

These days not only are historic buildings sacrosanct but office developments are controlled deliberately to keep vacancy down and manage Modern buildings have to fit

in and often cannot be con-structed without "linkage" homes for tha workers in the suburbs with hus llnks, for example, and in one recent case the construction of a fire

The drab 1960s and 1970s hlocks sit uneasily next to the new generation of huildings like 75 State Street, adorued with gold leaf. The formula obviously works, although developers may be frustrated. Boston's vacancy rate at between 8-9 per cent is the low-est in the US.

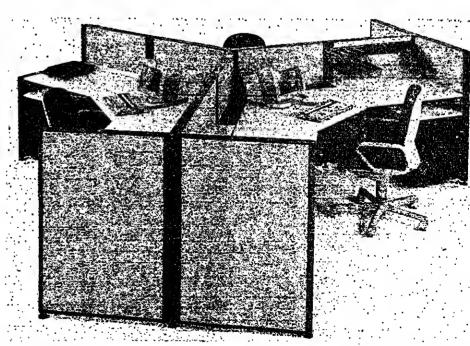
est in the US.

Similar controls work in Philadalphia where the "Plan for Center City" will begin to blie soon, but which also attracts the right kind of developers by relaxing height limits (traditionally 491 ft — tha level of the statue atop City Hall) and tax concessions with no and tax concessions with no

threats of linkage. Washington is being transformed as curtain walling is being replaced by "traditional" stone claddings. As American cities vie with each other to attract husiness, high quality of the buildings is the key.

Richard Catt

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COMMODITIES AND AGRICULTURE

Chicago rumours point to rise in Soviet grain limit

By Nancy Dunne in Washington and James Abbott in Chicago

US and Soviet officials were yesterday remaining silent about the progress of grain sales talks in Washington, but rumours sweeping the Chicago futures markets indicated that et the very least the US has agreed to raise the 20m tonne limit oo Soviet purchases

Old crop maize prices (May futures contracts) moved strongly upwards, boosted by the rumours of large Soviet maize purchases. Expectations of an announcement from the US Department of Agriculture buoyed the market, pushing old crop maize prices up more than 2.5 cents e bushel in early

"The Russians are said to be largely believed to he true," said Mr Vic Lespinasse, a trader with Dean Witter Reynolds in Chicago, He said that Soviet maize purchases were thought to be in the 1.5m to 2m tonne range for May to July Cargill was said to be buying

heavily, supposedly to cover part of the sale.

Uoder the long term grain agreement between the US and the Soviet Union, Moscow can buy up to 20m tonnes of grain without oegotiating permission

to huy more. That limit is close to being reached with reported

1.4m tonnes of soyabean meal. In the grain talks, Moscow wae reportedly seeking to extend the level of purchases to et least 24m tonnes and hoping for an offer of 1.5m tonnes of eubsidised wheat.

salee now including almost

13m tonnes of maize; 4m tonnes of wheat; 507m of sor-

ghum; 450m of soyabeans; and

Controversy continued to ewirl around the Export Enhancement Programme, under which subsidies could be offered. A House Agriculture Committee yesterday held hearings to investigate the status of the programme.

The US Agriculture Department has denied reports that the progremme has been euspended out of concern for wheat stocks. Senator Patrick Leahy, chairman of the Senate Agriculture Committee, has written to Mr Richard Darman, director of the Office of Management and the Budget, to complain of the "apparent suspension" of new initiatives, and asking why there have been no recent subsidies offered for the sale of vegetable oil, rice and broilers.

Food price rises hit developing nations

By John Empson

DEVELOPING countries which need to import food are suffer-ing from both rising prices and a reduction in the amount available in direct aid. In the case of grains, this is

primarily the result of last year's North American drought. But the success of hoth the US and the EC in trimming milk production has exacerbated the developing

countries problems.

The United Nations Food and Agricultural Organisation estimates that 9.8m tonnes of cereals will be available for aid shipment this year, compared with 13.2m last year. This is helow the 10m tonnes mini-mum target established by the World Food Conference in 1974 and, according to the FAO, is the lowest level for five years.

Donations from the US the largest contributor of cereal aid - are largely determined by budgetary allocations. Higher prices have cut the total from 7.9m tonnes in 1987-88 to an estimated 5.5m

tonnes this year.
Imports of the developing countries of about 115m tonnes of cereals form a little over 10

per cent of their total supply. Food aid is mainly specifically directed at the poorer countries. Those hardest hit are, in the official parlance, the "low income food deficit countries." The proportion of their imports covered by food aid has fallen from 22 per cent in 1986-87 to 14 per cent, the FAO says. A group from the Interna-tional Dairy Federation, meet-

ing with dairy specialists of FAO, GATT and OECD in Rome last week, concluded that the availability of skim milk powder as food aid, which amounted to 350,000 tonnes at its peak in 1986, was unlikely to reach much more than

100,000 tonnes this year.
The World Food Programme,
the leading international
agency in this area, estimate their need at 52,000 tonnes of skim milk powder this year with an expected availability of 38,000 tonnes. The US has disappeared from their list of dairy donors and they expect a greater problem next year. Imports of dairy products are

relatively more important to developing countries than imports of grains.

Close Previous High/Low

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EC 'living in fool's paradise' over cereals

By Bridget Bloom, Agriculture Correspondent

THE European Community is living in a fool's paradise, deluding itself that it has its cereal sector under sound financial control.

According to a new report

by Agra Europe, the indepen-dent Enropean agricultural information agency, current EC cereal policy is likely to lead to unacceptable financial costs in the next five years for which the only solutions would be ewingeing reductions in farm-gate prices or some form of quotas on production. Agra Europe believes that the reforms introduced by the EC over the last year to try to curh cereal production and thus spending on the sector have worked so far only because of the higher cereal prices caused by last year's US drought. Rising world market prices have meant lower EC bills for export subsidies, thus keeping the cereals hadget well within the guidelines set

However, although the so-called budget stabiliser for cereals, which links price reductions to production thresholds, will keep produc-tion within eertain bounds over the next few years, an 11 per cent rise between now and 1995 is still forecast.

1995 is still forecast.

This is because the stabiliser measures will force marginal producers out of cereals but will not harm the larger efficient farmers who account for 80 per cent of the EC's cereal production and con still make production and can still make substantial profits even at somewhat lowered EC domes-

tic prices.
Given the "remorseless" productivity increase of 2-3 per cent a year, by 1995 the EC's harvest will be some 184-5m tonnes, or nearly 20m tonnes more than last year's. Agra Europe estimates that

the overall cost to the EC of such an increase, in storage, domestic and export subsidy costs, would by 10 per cent a year. This could push spending on cereals np by some Ecu3.5bn, against total cost of the sector last year of some Ecn4.

Snch spending will prove politically unacceptable and will force the EC to look for other means of controlling output. Although there are dif-ficulties with quotas on cereals, a two tier system might be devised where farmers would be allowed to sell a certain quantity on the domestic market with surplnses helng exported et world prices. The choice really lies between a swingeing once-for-all price cut of 25-30 per cent

or some form of quota," Agra Europe concludes.

Agra-Briefing No 21. £35-£40 from Agra Europe, 25 Frant Road, Tunbridge Wells, Kent.

LONDON METAL EXCHANGE

Canada clashes over fish, beef, furs Opec output

FISH, beef and furs are straining relations between Canada and the European

There is no sign of resolution in two long-running disputes between Canada and the EC over levels of fishing in the North Atlantic, and Canadian countervailing import duties on EC beef exports.

Only on furs - specifically, the European protest over the use of leghold traps to catch fur-bearing animals - are the two epproaching some com-

mon ground.

Most damaging to bilateral relations is the quarrel over fishing quotas in the area just outside Canada's 200-mile eco-nomic zone that is edministered hy the North Atlantic Fisheries Organisation. Canada and the EC are among the 16 NAFO members.

Canada says ships from EC countries are overfishing in NAFO waters, putting pressure on precarious stocks. The community maintains it is follow-ing an alternative conservation approach that takes into account socio-economic realities - namely, the overcapa-city of its fishing fleets. The issue flared up in January when Canadian scientists released preliminary evidence that cod stocks within the 200mile zone were much smaller

than expected. Each year, NAFO sets a recommended limit of total allowable catches for various species, including cod, plaice, and redfish. For the past four years, the EC has objected to these levels, setting its own quotas et up to 10 times NAFO recommendations.

Caneda and NAFO take a conservation approach, which would allow some moderate growth in stocks. But the EC has advocated fishing at the maximum level which would allow no decline in stocks but no growth. Canedian officials say

fishing stocks is incomplete, fishing at the maximum level could threaten species without

because scientific evidence on

anyone being aware. Mr Raymond Simmonet. director in the EC's fisheries directorate-general, says the community would be willing to 1984 when EC exports of pronegotiate a position between the two levels, permitting slow rebuilding of stock with mini-mum hardship to fishermen. He says the EC needs four to

five years to restructure its industry, particularly in coastal areas of Spain and Por-tugal that rely heavily on fishing for employment. Mr Simmonet says Canada refuses to negotiate the quota levels — and other NAFO

members toe the line for fear of being denied access to Canadian waters. The EC also objects to Can-ada's sole management of a large cod stock that is largely within its 200-mile zone. The community maintains that up to 20 per cent of the cod swim in international waters, and management must be shared.

in international waters, and management must be shared.

There is also a stalemate on beef. Canada indicated a year ago that it would respond to e General Agreement on Tariffs and Trade panel ruling against its countervailing duty on EC beef, but it bas taken no action.

The dispute extends back to

cessed beef to Canada leaped in value to \$55m from an average

of sam the four previous years. Canadian cattlemen com-plained that export subsidies were responsible, and that their industry was being injured. The Import Tribunal of Canada ruled there was threat of injury, and Ottawa imposed a countervailing duty.

The EC took the matter to GATT, winning a September, 1987, panel decision on the point that the cattlemen did-

not have the right to represent the processed meat industry.
Canada has not accepted the panel ruling and retains the countervailing duty. The EC is pressing for a negotlated level

of beef exports.
On the fur issue, the Euro-

decision delayed

GULF oil states yesterday delayed deciding whether Opec's output ceiling should be raised because of uncertainty over demand and disagreement on quotas, Reuter reports from Abu Dhabi.

As Saudi Arabia's King Fahd made clear on Wednesday, one oil industry executive said:
'Opec should decide on a celling increase if demand war-rants, so Gulf states. have decided to wait until June." Oil ministers of six Gulf Co-

operation Council (GCC) states met in Jeddah on Wednesday and early yesterday to unify stands on e proposed rise in Opec's output calling, but the talks ended without a publicly stated stand on the issue. The GCC links Opec mem

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bers Saudi Arabia, Kuwait, the United Arab Emirates and Qatar with non-Opec Oman and Bahrain. Oil markets were anxiously

awaiting the outcome of the meeting as it would have given clues to output patterns for the rest of the year.

Honduran forestry lumbers into crisis

David Pickles studies the decline of the country's main natural resource

ONDURAN forestry faces growing US and Latin American competition in its traditional Carib-bean market, while the decline in pine stocks and surging estic construction demand are squeezing export supply.

Against this background, the industry is undergoing e major shake-up. The state forestry corporation, COHDEFOR, has pulled out of exports, and its sawmills are being privatised

in a programme sponsored by the US Agency for Interna-tional Development (AID). COHDEFOR's new emphasis, under its director, Mr Jose Segovia, is the development of management systems to sustain Hondnras's pine and broedleaf forests. The forest area has fallen from 7.4m hect-

ares in 1974 to 4.5m today. The annual net rate of loss is almost 2 per cent. The main problems are the use of pine for firewood by peasants in the central zone, and slasb and burn agriculture on the broadleaf forest margins in the low-lying east and north, where the destruction rate is highest. But critics fear that increased autonomy for the private sawmills will exacerbate the prob-

- Timber is mountainous Honduras's main natural resource, with 63 per cent of the land surface suited to forestry. The pine forests in the central nplands (40 per cent of the total forest cover) represent the centre of commercial activity. Only 3 per cent of ontput comes from tropical hardwoods (mahogany, walnut and cedar). Output has fallen heavily

over the past 15 years. Some critics relate this to the estab-lishment of COHDEFOR in 1974, which was hitterly resisted by sawmill owners. The corporation was a response to public outcry at the exploitation of the forest hy sawmill owners and peasants alike. Trees were nationalised (though not the land they stood on) with cutting subject

The corporation also had a monopoly of the lucrative export of sawn wood (its main source of income), and set up giant sawmills in Olancho (Corfino), Yoro (FIAFSA) and Siguatepeque (Casisa). Between 1977 and 1985, the

corporation's investment pro-gramme absorbed 10 per cent of the increase in Honduran public sector debt - \$240m. Corruption and inefficiency were rife. Now, the loss-mak-ing sawmills are being sold off. FIAFSA has already gone, with the loss of \$12.5m on book capital of \$15m. Casisa is being auctioned with the expected loss of \$7m of its \$7.5m capital. The future of the Corfino

paper factory project remains in the balance. The InterAmerican Development Bank which sank over \$40m into the first stage, a giant sawmill, is pressing for a rescue package. But the governments, backed by AID, will not put np any more likely that the mill - with capacity for 50 per cent of total national production, and 80 per cent idle - will be sold. One sad consequence of this restructuring is that Honduran

forestry is reverting to its old-

WORLD COMMODITIES PRICES

est technology. Modern band saws (which waste only 15 per cent of wood compared with 45 per cent for circular sawe) make np 65 per cent of capacity in Honduras's 120 sawmills - but only 32 per cent in the 100 mills still working. It'e a double irony that the machines may be sold at minimal prices to competitors like Venezuela while COHDEFOR continues to groan under the deht con-

tracted to buy them. The corporation's dismal commercial and industrial record notwithstanding, the basic cause of falling output is depleted stocks of exploitable forest. In this sense, the most damaging consequence of the COHDEFOR's other activities was that it distracted attention from forestry management.

Now sawmills have been given exclusive tributary areas in the hope they will respond with more rational exploitation. Cutting quotes are no longer needed for trees they anted themselves. However, planted themselves. However, Mr Rigoberto Neza, of the Hon-duran Ecology Association, complains that quotas are being generally ignored, and the corporation is not ensuring that the sawmills establish the management plans stipulated in the tributary area agree-

According to Mr Rafael Ale-gria, of the rural workers organisation CNTC, which includes most of Honduras's forest co-operatives: "Tributary areas amount to no more than the privatisation of the forest."
Stumpage fees (the charge for cutting down trees) are also being reformed. The present

rate is \$6 a cubic metre - a quarter of US levels. In future, it will rise, and will be levied on the potential output of forest stands, rather than the actual cut, to stimulate more efficient use. The new system is being piloted with AID support in Olancho.

There's also an attempt to involve forest communities in the management and preservation of the forests, through Norwegian style integrated management areas. Foresters are sent to help develop small-scale forest production and promote fire control and

It remains to be seen if these initiatives are enough to halt the destruction of forest and to reverse the long term decline in output and exports. Production fell from 260m board feet in 1977 to 165m in 1986. There was a limited recovery to 159m in 1987 and 188m in 1988.

Exports have been squeezed by rising domestic demand, generated by a construction boom. In 1988, only 39 per cent of output was exported, com-pared with 50 per cent in 1980. Sawn wood exports fell from 189m board feet in 1977 to 155m. in 1990 and 73.7m in 1988. But rising prices sustained export values at \$35m in 1987, equivaent to 4.4. per cent of total

Honduran exports.
Wood exports were privatised in 1985, though COHDE-FOR still charges a 14 per cent levy on softwood and 18 per cent on hardwood. The aim of privatisation is to improve product quality and delivery times, allowing Honduras to defend its share of the increasingly competitive Caribbean plne market against the southern US and the low-cost Chileans.

Caribbean sales are down from 75 per cent of total exports in 1983 to 65 per cent in 1988. (European sales were 23 per cent and 12 per cent went to Latin America). In the Dominican Republic, regula-tions are blocking most Honduran exports; in Jamaica, there's a shift towards US southern pine to take advantage of three new US export credits. And Trinidad and Tobago, hit by foreign exchange shortages, is also looking for credit packages which Honduras is III-placed to

Honduras's response is to look to the smaller islands (Barbados, Guadelupe, Martini-que) and to try to increase the output of treated wood, which is in increasing demand,

In the long run, Honduras needs to look to increased vaine added rather than to increased volume. Manufac-tured wood exports (of which 80 per cent go to the US) include broom handles, tomato sticks; furniture, plywood, and door and window frames.

But in 1987 manufactured exports were worth just \$10m down from \$28m in 1980, probably because of the over-valuation of the lempira. This may be reversed by new export incentives, including foreign exchange certificates which amount to a 30 per cent devalu-

LONDON MARKETS

COCOA prices continued Wednesday's decline, with July lailing as low as £735 during trading yesterday before closing at £742 a lonne. The markel remains nervous against a background of physical eversupply. Some sectors of the market believe that with a reconimprovement in weather conditions for crops in Brazil and Wost Africa, a downside target of £700 cannot be ruted out. Collee prices were also down as some deolers liquidated long positions amid loars that the market could drop sharply if the Brazilion decks strike was resolved. On the LME baso metals prices were generally lirmer. Aluminium rose in response lo the potential disruption of South American supplies — a genoral strike is threelened in Venezuola.

SPOT MARKETS

Crude oil (per barrul FOS)		+ 01 -
Cube: Bront Bleing W.I.I. 1 pm est	\$16 10-7.25q 519 75-6 85a 520 97-1 02q	-0 05
Off products	nne CIF)	+ or -
Promium Gasoline Gas Oil Hoavy Fuet Oil Nachtha Petroloum Argus Estimates	\$294-296 \$155-167 \$91-95 \$179-181	-5 -5 -8
Other		+ 60 -
Gold per trey ozi-	\$384.25 577c \$849 5167 00	+0.25 -1 +1 -1.85
Aluminium (lico market) Gerpei (US Producer) Lead (US Producer)	\$2225 1445-1486 37.5c	+ 20 - 58
Nickel (floe market) Tin (Ecropean lice market) Tin (Kuala Lumpur merket) Tin (Kow York) Zinc (US Prima Western)		+ 20 + 80 -0 03 + 3.25
Canto (live weight)) Sneep (Goad weight)) Pros (live weight))	121.90p 266.63p 67.37p	+ 2.38° + 15.4° + 2.53°
London early sugar (raw) Lendon dally sugar (white) Talg and Lyig gypon price	\$290.6u \$339.5u \$287.5	-8 4 -1 0 -5 0
Barley (English food) Marze (US No. 3 yellow) Wheat (US Dark Northern)	£104.25w £134 £126.25x	+ 0.25 + 0.50
Rubboi spoil♥ Rubbor Jun ♥ Rubboi Jun ♥ Rubbor (KL RSS No 1 May)	57.75p 66 00p 67 25p	-0.25 -0.50 + 9.50 -2
Coconul oil Philippines § Palm Oil (Malaystan)§ Copra (Philippines)§ Soyabeans (US) Cotton "A" mdex Weetings (64s Super)	\$565u 5410 \$352.5 \$202.0x 74.65c	+5 +2.5 +2.5 -0.35

E a tenne unless otherwise stated, p-pence/kg c-centerib. / ringgit/kg_v-Api/Jub. u-M4y/Ju q-Jun x-Api/May w-Aug. 2-May, fMeal Comniseton avelago farxiock pricos. * change from a week rigo. Wondon physical market SGIF Robordom. & Bullion market close m-Melay-sian contacks.

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Oct	268 20	269 00	272.20 267.80
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Mar			
White	Close	Previous	High/Low
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Oct Dec Mar Turnev White I Doc XV White I Doc XV Jun Jul Aug HPE Inc Turnev GAS O Turnev FRUI White I Span Cape Cape Caulit Cape Caulit 14-20 down	326.00 318.00 510.00 510.00 512.02 512.02 512.02 512.02 513.02 510.00 51	320 00 31200 00 31200 00 31200 00 31200 00 312	329.00 320.00 312.00 308.00 lots of 50 tonin Aug 2135, Oct 20: 900, Aug 1955. us High/Low 19.20 15.95 18.15 17.89 17.38 17.22 High/Low 154.50 152.50 150.50 148.50 148.50 148.75 148.00 147.25 154.00 150.00 154.50 153.00 100 tonines 158 159.00 150.00 154.50 150.00 154
Oct Dec Mar Turnev White I Paris- Turnev White I Doc 20 CRUDI Jun Jul Aug May May Aug May May Aug May	326.00 318.00 510.00 517.00 512.(420) 512.(420) 512.(420) 512.(420) 513.(420) 513.(420) 513.(420) 514.(420) 515.(420	300 00 112.00 00 112.00 00 112.00 00 112.00 00 112.00 00 112.00 1	329.00 320.00 312.00 308.00 iots of 50 tonin Aug 2135, Oct 20 900, Aug 1855. us High/Low 19.20 15.93 18.15 17.89 17 38 17.22 High/Low 19.40 154.50 150.50 150.50 148.50 150.50 148.50 150.50 148.50 150.50 148.50 150.50 150.00 154.50 150.00 154.50 150.00 154.50 150.00 154.50 150.00 154.50 150.00 154.50 150.00 154.50 150.00 154.50 150.00 154.50 150.00 154.50 150.00 154.50 150.00 155.50 150.00
Oct Dec Mar Turnev White I Paris- Doc 20 Jun Jun Jun Jun Jun Jun Jun Jun May	326.00 318.00 318.00 510.00 or Raw 512 (420) White IFF 00, Mar II 6 Otl. \$/be Closs 10.00 17.99 18.25 140.00 147.50 140.00 147.50 152.00 154.50 164.00 149.50 175.152.00 165.75 152.00 165.75 152.00 165.75 152.00 165.50 17 ANO Vo 18 Introduced to the second of the secon	320 00 312 00 31	329.00 320.00 312.00 308.00 lots of 50 tonin Aug 2135, Oct 20: 900, Aug 1955. us High/Low 19.20 15.95 18.15 17.89 17.38 17.22 High/Low 154.50 152.50 150.50 148.50 148.50 148.75 148.00 147.25 154.00 150.00 154.50 153.00 100 tonines 158 159.00 150.00 154.50 150.00 154

TOWER	744 ME12	L EAUN			ferices suppli					
	Clos		Previous	High/Lov	AM Offic	ilei K	erb c		_	Interest
	_		(5 per tonne)				Ring	tumo	rer 17,2	25 tonne
Cash 3 mont	2275 hs 2168		2220-30 2130-5	2170/212	2223-5 2130-2	2	155-60	,	32,918	lote
Copper	, Grade /	(£ per to	nno)				Aino	turnov	er 24,7	'00 tonne
Cash 3 mont	1836 hs 1794		1816-8 1774-5	1832/1830 1794/1779		1	791-2		72,240	lots
	US cents						_	Ainc	_	rer 0 pz
Cash	573-5		574-7		572-4					
30 June	581-3		584-7		580-2				350 lo	
	per tonn						Rin	g turno	ver 5,3	00 tonne
Cash 5 monti	367-6 hs 367-7		367-8 367-7.5	367 368/367	367-7.5 368-9	31	37-8		9.722	lots
Mickel (S per ton	no)					FU	ng turr	over 7	78 tonne
Cash		0-600	15250-350	15600/153	00 15350-45					
5 monti			18100-60	15250/150	50 15000-50	10	200-5		7,499	
Cash			(\$ per lonne)	1000	1005 00		HIN	turno	wer 4,6	00 tonne
5 month	1635- hs 1655-		1635-40 1611-20	1690 1660/1645	1685-90 1650-5	16	60-60	1	10,300	fota
Zinc (\$	per tenne	0			-		_			75 tonne
Cash	1655	-75	1615-20		1605-75					
3 mont	hs 1605	15	1558-60	1810/1575	1600-5	10	00-6		12,363	lots
POTAT	OKS Cro	nne enn			LONDON M	HOLLION	MAR	KET		
	Clase	Previou	s High/Low		Gold fine oz) 2 pric		3	equive	ient
May Nov	134.0	135.0	134.9 151.0	9	Close	384-36	412		27-227	
Feb	91.5 1909	91.5 100 9		_	Opening Morning fix	38412-	385	2	27.232	7%
Apr	137.2	137.8	137.5 136.5	<u> </u>	Afternoon tip	384,25			26.937	
Turnove	er 125 (13	(U) foto o	40 tonnes.		Day's high Day's low	385-38 383 1 ₂ -				
SOYAE	EAN SEE	AL E/tone	10		Coins	e prior	,	3	equiva	lent
	Close	Previou			Mapleleat	395-40			3312-23	
Jun	157.50	157.00	157.00		Critannia	395-40	0	2	33 p -53	812
Aug	152.00	152.00	152.00		US Eagle Angel	395-40 395-40			33 ½-23 33 ½-23	
			20 termor		Krugerrand	383-38			25 2-22	
шторч	ar 320 J2	MHOR OI	20 tonnes.		New Sov. Old Sov.	90-91 90-81		5	4-54	-
FREIG	אד דעדע	RES 510/	Index point		Noble Plat	552.25	561,5		25.2-33	.85
	Close	Previou			Silver fix	p/fine	οz	U	S cts e	Quív
Apr	1625	1625	1825 1620		Spot	340.50	_		6.25	-
May	1639	1629 1400	1639 1625 1427 1405		3 months	351.45			0.55	
Jul Oci	1520	1490	1527 1500 1550 1535		6 months 12 months	362.55 385.10			15.40 16.45	
Jan Apr	1548 1579	1528 1575	1550 1535 1577 1575							
8FI	1624	1622	1371 1373		FORDON NE		_			
Turnove	er 687 (31	0)			Atuminium (9	<u> </u>		alia 		ng2
					Strike price :		<u> </u>	Jul	May	<u> </u>
	\$ Erronne				2150 2250		143 60	167 114	2 16	72 117
Wheel	Close	Previou			2350		14	74	72	175
May Jun	116.60 118.40	117.50 119.40	117.50 116. 119.35 118		Copper (Grad	te A)	G	2115	P	uts .
Sep	105.10	105.30 107.75	119 35 118 105.45 105	10	2900		211	203		78
Nev	107.55	107.75	107.80 107.	33	3100		47	103	35	174
Sarley	Close	Previou	4 High/Low		3300		2	45	189	315
May	108.15	183 40	109.50 108.	15	LONDON FO	K TRUAD			<u> </u>	
Sep	103.10	103 00	103.25 103.	10	Suger No. 6			JIS .	P	uts
Nov Jan	106. 10 109. 15	106.00 109 15	106.10 109.30 100.		Strike price :		<u> </u>	Oct	Aug	Oct
Turnovo	r: Wheat	150 (365)), Barley 28 I1		270 280		15.85 12.45	25.95		26.95
Turnovo	er lots of	100 tonne	95.	- •	290		1245 9.85	23.05 26.66		34.05 41.65
D1/20 /4	Santa Barri		4		Coffee		Jul	Sep	Jul	Sep
-145 (C	ash Settl		<u> </u>		1100		55	47	29	68
Jun	100.0	Previou 107.5	5 High/Low		1150	:	32	30	56	101
Aug	108.0	105.0	105.5		1200		18	18	92	139
Oct Nav	110.0 111.0	109.0 110.3	109.5		Cocca		<u>.</u>	\$ep	Jul_	Sep
Feb	106.5	105.4	110,5 106.0		700		53 54	45	11	17
Turnove	r 19 [16)				750 800		24 B	24 12	32 66	37 86
						,	-	•		20

US	M	RKE	ETS		Aug	18.54 18.04	18.69	18.63 18.07	18.36 17.86	Ch	icag	o ·		
IN T	HE MET	ALS. silv	er future	s fell over	Oct	17.65	17.7B	17.70	17.58 17.40	SOYA	BEANS 5.0	ioo bu min; c	ents/60th b	hoden
				tive metal.	Dec	17.40 17.20	17.53	17.40 17.25	17.18 -		Close	Previous	High/Low	
repo	rts Drea	cel Sumi	ram Lam	bert.	Feb	16.90	16.99	17.04	10000	Man				
		lling lord			Mar	18.78	-16.87	16.82	18.78	May Jul	729/4 735/0	740/4 742/0	742/0 745/4	729/0 734/0
				er trading	HEAT	THIS OIL 4	12,000 US 9	palis, cents	/US galls	Aug .	732/4	737/0	741/0	732/0
		ess. in ti			. —	Latest	Previous	High/Lo	~	Sep	717/8	720/2	723/0	717/0
		lower or ee future			May	5110	5098	5130	5060	Nov Jan	708/8 717/8	710/4 719/0	715/0 ·	705/0 713/0
				ttement in	Jul	4875	4881	4915	4845	Mar	728/0	729/0	731/0	723/4
				e market.	Aug	4905 4950	4901	4915 4955	4860 4815	May	734/0	783/0	735/0	728/0
		g was qu			Oct	5015	5001	5020	4975	SOYA	BEAN OIL	00,000 lbs; c	ents/Rb	
		lower. N			Nov	5050	5056	5075	5020-		Close	Previous	High/Low	
disci	essions	sank the	soy con	plex and	Dec	5125	5111	5140	5090	May	22.72	23.15	23,22	22,70
		ts. Corn			COC	DA 10 tons	10E,\$/10000	15		Jus	23.36	23.80	23.62	23.34
		s Soviet				Close	Previous	High/Lo	w	Aug	23.63	24.07	24.03	23.63
		port. Th			May	1223	1275	1271	1222	Sep	23.89 24.05	24.30 24.40	24.25 24.38	23.81
		her hog			Jul	7200	1215	1217	1190	. Dec	24.32	24.65	24.70	23.96
		cline in h		ower due	Sep	1206	1208	1217 1221	1200	Jan	24.46	24.76	24.85	24.46
		ghter an			Mar	1214	1213	1222	1209 1206	Mar	25.00	25.05	25.05	25.05
				it trading.	May	1224	1223	1228	1215	SOYA	BEAN ME	NL 100 toria;	\$/ton	
				moderate	Jul	1200	1215	1217	1190		Close	Previous	High/Low	
		prices d			Sep	1262	1258	.0	0 .	May	223.3	229.4	226.8	
		e crude			COFF	EE .C. 31	7,500fbs; ce	ents/lbs	· ·	Jul	221.9	223.7	225.6	223.1
				the day.		Close	Previous	High/Lo	w ·	Aug	210.2	220.7	222.0	219.0
		ling in co			May	139.65	140.62	141,90	138.50	Sep	216.2	217.2	218.0	216.0
	again.			•	Jul	131.84	133.69	134.25	131:65	Oct	212.2 211.2	213.0 211.7	213.5	. 211.2
					Sep	126.10	127.18	127,25	125.75	Jan	210.5	211.2	211.5	210.0 210.0
					Dec	121.80 121.25	123.31 121.33	123.50° 121.50°	121,90 119,75	Mar	210.5	211.2	210.0	211.0
	•	- -			May	120.00	119.88	0	0	MAIZ	E 5,000 bu	min; cents/5	6th humbel	
Ne	W Y	ork			Jul	122.00	120.63	ō.	Ō.		Close	Previous	High/Low	
2015	****				Sep	116.00	117.1e	<u> </u>		May	268/6			
-		oz., S/troy			\$007	A MOBILI	7 11 112,	000 lbe; ce	nts/las	Jul	270/6	265/6 268/4	289/4 271/0	207/0
	Close	Previous	High/Lo	w		Close	Previous	High/Lo	w	Sep	263/4	262/0	284/4	262/4
May	363.3	385.4	384.3	384.5	May	12.11	12.21	12.26	12.05	Dec	262/4	261/2	263/2	200/6
lun.	388.1	388.2	388.4	386.0	Jul	12.09	12.17	12.28	12.06	Mar May	269/0	267/6	269/0	267/2
Aug Oct	390.3 395.3	392.6	392.6	390.0	Oct	12.00	12,06	12.20	11.99	Jul	270/0 271/4	288/4 270/4	270/2	269V0 271/0
Dec	400.4	403.0	402.2	400.0	Jan Mar	11.80	11.72	12.20	11,80	Willes o				27 170
Feb	405.5	408.2	407.0	407.D	May	11.68 11.70	11.71 11.65	11.82 11.73	11.68 11.65	WALA		min; cents/	Bolb-bushel	
Apr	365.3	385.7	386.2	384.8	أوال	11.67	11.63	0	0		Close.	Previous.	High/Low	
jigni Maji	415.9	418.9	418.7	418.7	COTT	OM 60 000	; cents/lbs			May	405/0	411/0	414/0	404/0
TAJE	NUM 50 t	roy oz; \$/ti	roy oz.							내	396/8	402/4	404/0	396/0
	Close	Previous	High/Lo	w		Close	Previous	 _		Sep	407/2 419/2	409/4	4 10/6	406/0
hul	552.2	557.3	557.0	551.5	May	64.00	64.15	64.50	64.00	Mar	425/6	422/2 428/2	423/4	417/4
Oct	550.2	555.3	554.5	551.5	Jul Oct	64,85 65,45	85.05 65.60	65.13 65.65	64.65 65.35	May	417/0	419/4	418/4	415/4
lan	550.2	555.3	565.5	562.5	Dec	65.05	65.08	65.20	64.85	LIVE	ATTLE 40	.000 lbs; cer		 -
∿ρr	552.2	557.3	0	<u> </u>	Mar	65.60	85.89	65.65	66.50					
SILVE	R 5,000 tr	'dy oz; cen	tartroy oz.		May	65.75	86.05	66.75	65.75		Clase	Previous	High/Low	•
	Close	Previous	High/Lo			66.50	66.45	0	0	Jun	70.82	70.52	70.87	. 70.27
14.4.			-		GRAN	IGE JUICE	15,000 lb:	s; cents/lbs	-	Aug Sep	67.77	67.37	67 92	67.25
llay lan	584.5 589.5	576.3 581.6	577.0	561.0 D		Close	Previous	High/Los		Oct	68.75 68.97	68.75	0	65.25
tui.	575.0	567.4	588.0	575.0	May	174.70	175.10			Dec	68.97	68.97 70.17	69.05 70.20	68,80
Sep	585.5	695.2	599.0	588.0	Jul	177.80	179.00	175.05 178.75	173.70 177.40	Feb	70.60	70.75	70.75	70.50
)ec	600T3	e13.7	615.5	602.0	Sep	174.65	175.45	175.25	174.80	LIVE	1065 30 0	00 lb; cents/		
lan Var	605.1 615.0	818.7 628.9	630.0	625.0	Nov	163.80	163.60	- 164.25	163.50				IUSI	
ulay	625.2	639.3	638.0	636.0	Jen Mar	160.55	159.35	160.90	159.50		Close	Previous	High/Low	
lui	635.5	649.9	649.0	636.0	Mar May	160.05 159.90	158.90 158.75	160.25	159.50	Jun	47.07	46.77	47.20	46,40
3ap	645.2	660.0	0	0 .	لبك	159.90	158.75	Ö	0	Jul Aug	47.87	47.A7	48.00	47.30
OF P	ER 26,000	lbs; cents	/ths		Sep	159.90	158.75	Ŏ	ŏ	Oct	48,47 43.12	46.15	46.55	45.70
				<u>_</u>					_	Dec	44.85	42,77 44,77	43,16 44,95	42,55 44,50
	Close	Previous	High/Lo		4000					Feb	46. 17	45.35	45.20	44.90
day	138.90	139.00	140.50	138.50		ICES .		<u>.</u>	¬	Apr	44.95	44.90	44.95	44.70
lun Jul	136.90	137.20	137.70 137.70	137,70 134,80	REC	TERS (Ba	se: Septen	nber 16 190	11 = 10m	Jun	47.40	47.40	0 -	42.30
Sep	135.10 129.90	135.40 130.40	137.20 131.40	130.00	1-	Apr 2				PORK	SELLIES	40,000 Has; c	ente/tb	:
)ec	124,40	124,40	125.50	124,20	1-				to At wide		Close	Previous	High/Low	
Skier		nt) 42,000	LIS palls 5	/barrel	1==	2023.6		2000.4	1750.8	May				<u>ئىرن</u>
					1 004	A TONES	Base: Dec	31 1974 -	100)	Jul	32.37 32.12	32.65	32.65	- 31,40°
	Latest	Previous	High/Lo		Spot	137.73	137.61	136,84	128,56	Aug	51.82	32.77 32.30	32.90 32.50	31.37 31:10
lun	20.97	21,19	21.20	20.72	Futu	res 138.60	139.27	138.24	132.51	Fab	47.22	47,77	48.10	46.60
wi	19.30	19.53	12.48	19.20	ļ					May May	46.50	47.25	0	46.70
										THE STATE OF THE S	45.00			

		Close	Previous	High/Low	
	May	729/4	740/4	742/0	729/0
	dui .	735/0 732/4	742/0	745/4	734/0
	Aug '	717/8	737/0 720/2	741/0 723/0	732/0 717/0
	Nov	708/6	710/4	715/0	705/0
	Jan Mar	717/8	719/0 729/0	722/0	713/0
	May	728/Q 734/0	723/D	731/0 735/0	723/4 728/0
			00,000 lbs; ¢		72000
	-	Close			<u> </u>
			Previous	High/Low	
	May	22.72 23.36	23.15 28.80	23,22	22,70
	Aug	23.63	24.07	24.03	23.63
	Sep	23.89	24.30	24.25	23.81
	Oct	24.05 24.32	24.40	24.30	23.96
•	den	24.46	24.76	24.85	24.46
	Mar	25.00	25.05	25.05	25.05
	SOYAL	BEAN ME	NL 100 toria;	\$/ton	
		Close	Previous	High/Low	
	May	.223.3	225.4	226.8	223.1
	Jul	221.9	223.7	225.6	221.8
	Aug	210.2 216.2	220.7	218.0	219.0 216.0
	Oct	212.2	213.0	213.5	211.2
•	Dec	211 <u>.2</u> 210.5	211.7 211.2	212.0	210.0
	Mar	210.5	211.2	211.5 210.0	210.0
	MAIZE	5.000 bu	min; cents/5	Rith humbal	
	_	Close	Previous	High/Low	
	May	268/6	265/6	00044	
	لنبك	270/6	268/4	271/0	207/0
	Sep Dec	263/4	262/0	264/4	262/4
	Mar	269/0	261/2 267/6	263/2	200/6
	May	270/0	268/48	289/0 270/2	267/2 269/0
	Jud	271/4	-		
			270/4 .	272/4	271/0
	WHEA		min; cents/i		271/0
	WHEA				271/0
	May	Close .	min; cents/i	60lb-bushel High/Low	
	May	Close . 405/0 396/8	Previous . 411/0 402/4	High/Low 414/0 404/0	404/6 396/0
	May Jul Seo	Close . 405/0 396/8 407/2	Previous . 411/0 402/4 409/4	High/Low 414/0 404/0 4 10/6	404/0 396/0 406/0
	May Jul Sep Sec Mar	Close	Previous . 411/0 402/4	High/Low 414/0 404/0	404/0 398/0 408/0 417/4
	May Jul Sep Cec Mar May	T 5,000 bu Close 405/0 366/8 407/2 419/2 425/6 417/0	Previous 411/0 402/4 409/4 422/2 428/2 419/4	High/Low 414/0 404/0 410/6 422/4 429/0 418/4	404/0 396/0 406/0
	May Jul Sep Cec Mar May	T 5,000 bu Close 405/0 366/8 407/2 419/2 425/6 417/0	Previous 411/0 402/4 409/4 422/2 428/2 419/4	High/Low 414/0 404/0 410/6 422/4 429/0 418/4	404/0 396/0 406/0 417/4 425/0
	May Jul Sep Cec Mar May	T 5,000 bu Close 405/0 366/8 407/2 419/2 425/6 417/0	Previous 411/0 402/4 409/4 422/2 428/2 419/4	High/Low 414/0 404/0 4 10/6 429/4 429/0 4 18/4 ts/fbe	404/0 396/0 406/0 417/4 425/0 416/4
	May Jul Sep Cec Mar May	T 5,000 bu Close 405/0 366/8 407/2 419/2 425/6 417/0 ATTLE 40 Glose	Previous 411/0 411/0 402/4 409/4 422/2 428/2 418/4 000 [bs; cen	80lb-bushell High/Low 414/0 404/0 4 10/6 423/4 423/4 423/0 418/4 High/Low-	404/6 396/0 406/0 417/4 425/0 415/4
	May Jul Sep Oec Mar May LIVE C	T 5,000 bu Close 405/0 366/6 407/2 419/2 425/6 417/0 ATTLE 40 Close 70.82 67.77	Previous 411/0 402/4 409/4 422/2 428/2 419/4	9016-bushell High/Low 414/0 404/0 4 10/6 422/4 429/0 413/4 ts/fibe High/Low- 70.87	404/0 396/0 406/0 417/4 425/0 415/4
	May Jul Sep Oec Mar May LIVE C	T 5,000 but Close 40570 396/8 407/2 419/2 419/2 425/6 417/0 ATTLE 40 Close 70.82 67,77 68,76	Previous 411/0 402/4 402/4 409/4 422/2 428/2 419/4 .000 [bs; cen Previous 70.52 67.37 68.75	6016-bushel Hight.ow 414/0 404/0 410/6 423/4 423/4 429/0 414/4 rs/fbs Hight.ow 70.87 67.92 0	404/0 396/0 417/4 425/0 415/4 70_27 67.25 68.25
	May Jul Sep Oec May LIVE C Jun Aug Sep Oet Dec	T 5,000 bu Close 405/0 306/6 405/0 405/0 419/2 419/2 419/0 CATTLE 40 Close 70.82 67,77 68,97	Previous 411/0 402/4 402/4 402/4 402/4 422/2 428/2 419/4 .000 lbs: cen Previous 70.52 67.37 68.57	Hight.cw 414/0 404/0 4 10/6 4 22/4 422/0 418/4 18/1be Hight.cw 70.87 67.92 0	404/6 336.0 408/0 417/4 425/0 415/4 70.27 67.25 68.25 68.80
	May Jul Sep Oec Mar May LIVE C	T 5,000 but Close 405/0 395/8 407/2 419/2 425/6 417/0 Cartile 40 Cose 70.82 67,77 68.75 68.97 70.80	Previous 411/0 402/4 409/4 422/2 428/2 419/4 000 [bs: con Previous 70.52 63.75 68.97 70.75	8016-bushel High/Low 414/0 404/0 4 10/6 423/4 423/0 413/4 ts/fibs High/Low- 70.87 67,92 0 69.05 70.20 70.75	404/0 396/0 417/4 425/0 415/4 70_27 67.25 68.25
	May Jul Sep Oec Mar May LIVE C	T 5,000 but Close 405/0 395/8 407/2 419/2 425/6 417/0 Cartile 40 Cose 70.82 67,77 68.75 68.97 70.80	Previous 411/0 402/4 409/4 422/2 428/2 419/4 000 [bs: con Previous 70.52 63.75 68.97 70.75	8016-bushel High/Low 414/0 404/0 4 10/6 423/4 423/0 413/4 ts/fibs High/Low- 70.87 67,92 0 69.05 70.20 70.75	404/6 398/0 406/0 417/4 425/0 415/4 70_27 67_25 68_25 68_80 69_70
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High

164.7 734.7 49.5 (17/2) (15/2/83) (28/10/71)

S.E. ACTIVITY

105.4 50.53 (28/11/47) (3/1/75)

1926.2 49.4 (16/7/87) (26/6/40)

103.1

192.2

89.29

85.84 (13/4)

Glit Edged Bargains

Equity Bargains

Low

49.18 (3/1/75)

Apr 26 Apr 25

B7.0

LONDON STOCK EXCHANGE

Equities close above FT-SE 2,100

confidence in the improved outlook for domestic interest rates following the improved UK trade figures for March drove the UK equity market ahead again yesterday. Kncouraged also by excellent quarterly results from ICI, equities burst through the important FTSE 2100 bearing. important FT-SE 2,100 barrier m a strong trading session.

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The market made a some-what hesitant start but gath-ered pace towards mid-session when London money market rates showed a further fall and ICI exceeded all expectations with a pre-tax profit total of £442m for the opening three months of the year.
The Footsie 2,100 mark,

Accoun	t Dealing	Dates .
"First Dealings: Apr 17	May &	May 23
Option Declarate May 4	May 18	Jun 1
Lest Dealings: May 5	May 19	Jun 2
Account Day: May 15	May 30	June 12
They three death	on may take	minos from

widely regarded as an impor-tant technical level by the chart analysts, was convinc-ingly broken, and the market-later touched 2,119.8, helped by a strong opening on Wall

At the close, the FT-SE Index was 22.3 ahead at 2,115.7, and market strategists sounded convinced that the equity sec-tor has moved into a new and higher trading range, for the medium term at least:

While fears of another hike in domestic base rates have receded over the past fortnight, there is still concern that corporate profits may soon begin to reflect the effects of the 13 per cent UK base rates in place since the end of November. However, ICI's trading fig-ures appeared unaffected by high interest rates in the UK.

and provided a further spur to market confidence. There was keen interest in many other hime chip stocks yesterday. The announcement that BP will pay dividends

FT-A Ali-Share Index

Equity Shares Traded

800 600 400

Feb Mar Apr

17 to close at 478p, the low

point of the day.
Mr Paul Woodhouse, analyst

at Citicorp Scrimgeour Vick-ers, who had predicted £70m,

ninned the hlame on on some

US patients' disinclination to using the drug regularly and their resentment over its price.

He is downgrading his full year forecasts for Retrovir sales by

Mr Steve Plag and Mr Jona-than de Pass of BZW were hang on with their forecasts,

having reduced them over sev-

eral months from the top of the

range to the bottom. Mr Plag said that some observers had

overlooked heavy buying of the drug by wholesalers in the cor-

responding period of the previ-ous year. He is sticking with his forecast for Hetrovir sales

£15m to £140m.

Turnover by volume (million)

1200

1100

1000

200

quarterly was considered likely to enhance the stock's attrac-tions to US and to managers of global funds. Also in the forefront yesterday were Unilever and Glazo.

Equity turnover, slow at first, quickly increased as share prices forged ahead. The day's Seaq volume total of 529m shares was well above averages for recent weeks although it lagged behind the 568.5m of Wednesday's and 576.8m of Tuesday's trading sessions.

The past three sessions have seen peristent, if cautious buying from the major institu-tions, which have picked up lines of stock when offered, but

dies around 40 per cent of

Shell's North Sea gas output. The revelation that London

United, the insurance grump, will not be paying a dividend for 1988 because of the need to

"Imsband its resources" at its US subsidiary Walbrook Insur-ance, triggered a slide in Lon-don United shares to 63p before steadying and then rallying to

Lifa assurance shares made progress led by London & Man-

to 30Sp at one point before easing off to close a net 5 higher

at 294p; speculation in the mar

ket suggested that L & M could be a possible bid target for

Royal Bank of Scotland.

Recently there have been himts

that Abbey National may be

Brewery stocks shone amid bid rumours and strong buy-

added 11 at 303p on two stories. The first was that Elders IXL,

the Australian brewing group which tried to bid for S&N last

year but ran into a referral

from the Monopolles Commis-

sion, had sold part of his 23.6 per cent stake to Guinness. The story was then supplanted

by one suggesting that Danish brewer Carlsberg was prepar-ing a bid for S&N. Most dealers

regarded the speculation as wide of the mark, but it was

enough to send volume in the

stock to just below 5m shares, most of which was turned over

before lunch. Guinness ended 8

better at 469p.

A brace of excellent results from two more of the leading

companies in buildings gave

the sector a "fundamentally strong feeling," strong to one marketmaker. Redland's full-

year figures, showing profits

up some 20 per cent, were initially viewed as not as good as

those amounced earlier in the week by Tarmac, and Redland

shares slipped off to 530p.

The subsequent meeting between the company and

building sector analysis was

said by one analyst to have been "upbeat, with the com-pany very positive on the US, UK and Australian interests and said to be happy with the

break-even position on plaster board." Redland shares closed

a few pence ahead on the day

a new pence anean on the day at 536p.

AMEC's figures — profits up 78 per cent — were well received and the sbares jumped 12 to 457p. Other features included Costain, 7 higher at 329p, after 330p, with the market full of talk that the Trafalara House stake 44 per

Trafalgar House stake, 8.4 per

cent or some 15m shares, was being offered around UK

investment houses and institu

tions rather than to potential predators.

Dixons fell 2 to 148p on turn-

over of nearly 3m shares after broking house BZW lowered its

profits forecast for the current

year by £8m to £79m and for next year by £17.5m to £75m

Scottish & Newcastle

taking a look at L & M.

ster (L & M) which raced np

close a net 29 off at 75p.

avoided chasing prices higher. Consulidated Gold Fields jumped 37 to 1320p as the mar-ket digested Minorco's success in gaining acceptances in respect of nearly 55 per cent of Gold Fields shares for its £3.5bn bid. Trading in Gold Fields was not heavy, as the major shareholders awaited

Gold Mines

Ord. Di. Yield Earning Yid %(full) P/E Ratio(Net)(*) SEAO Bargains(5pm) Equity Turnover(2m)† Equity Bargains† Shares Treded (mi)†

DAY'S HIGH 1751.8

Ordinary Share Index, Hourly changes

Opening 019 am, 011 am, 012 pm, 01 pm, 1730.3 1735.2 1740.2 1745.5 1749.5

the next development in this hitterly-fought contest. investors huying Gold Fields shares yesterday will not receive the stock until May 15. only two days before the deadline for the Minorco bid. Instiintional interest has now died away, with fund managers effectively locked in until the bid situation is resolved.

Mr Steven Oldfield, BZW stores

the year goes on."
STC maintained their recent good showing and moved up S more to 326p, still stimulated by speculation that a deal with mens could be on the cards. Market stories have suggested that Siemens could be inter-

subsidiary. VSKL plunged 41 on stories

513p, a net decline of 11. British Aerospace was

Amoog food manufacturers Hillsdown were heavily traded as the market bought stock ahead of the agm today. Mr Richard Workman of Hoare Govett expects it to be upbeat on current trading, including the egg and poultry operations; most analysis now believe the salmonella scare has run its course, this in spite of yesterday's profits warning from

sense, it was just too expen-

watcher, said of Dixons: "Slip-page in like to like growth has accelerated in the second half, gross margins in the UK are under increasing pressure as

ested in taking a 25 per cent stake in ICL, STC's computer

of the cancellation of subma-rine orders from Canada. The stock recovered to close at

boosted by further Airbus orders and closed 13 ahead at 586p. There was good institu-tional buying of IML. They have cut out the bad parts of the product lines and look relatively recession proof," said a dealer. The price firmed 4 to

Everest Foods (down 37 at

Hillsdown were also buoyed by the sale of its near 17 per cent stake in leather group Pittard Garner to Strong & Fisher. "Although a full bid for Pittard would have made TRADING VOLUME IN MAJOR STOCKS | Success | Cook

FINANCIAL TIMES STOCK INDICES

85.96

86.16

88.64

97.00

4.51 10.92 11.08 26,898 1416.84 29,654 582.9

DAY'S LOW 1780.3

Basis 100 Govt. Secs 15/10/28, Fixed Int. 1828, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ANII 11.12 (Excluding intra-

96,24

4.56 11.05 10.96 24,423 1375.06 27,911

sive," commented one analyst. Hillsdown closed 2 firmer at 267p on turnover of 8.6m shares, with broking house Smith New Court recommending investors to buy the stock. Other manufacturers were less busy, although Dalgety did

gain 6 at 370p on whispers of further buying by Australian entrepreneur Robert Holmes à Supermarkets were again busy, although Asda took a tumble as the hoped for dawn raid and bid inevitably failed to materialise. The stock closed 8 easter at 165p as some speculators took profits, but turn-over at 13m shares was again good in strong two-way trade, indicating that the market still expects a bid or large stake to

be unveiled soon, probably by

a West German retailing

group, either Tengelmann and its US subsidiary A&P, or Aldi. Speculative demand on hopes of a bid from US botels group Marriott belped Trustbouse Furte climb 5% to

Bargain hunters hought Granada which touched 374p before settling back to 369p, a rise of 10 on the day. Rank Organisation continued to ben-efit from talk of a bid by Hanson for Xerox of the US and the possible £500m sales of its hotel interests. It closed 22

ahead at 963p. Trading began briskly in Renters' recently redesignated "A" shares. Some 5.9m shares changed hands and Hoare Covett, joint brokers to Reuters, said that it had done 3.6m of that total. Hoare upgraded Reuters' profits forecast for the second time in a month by £10m to 330m. The price gave up 4 to close at 725p after a good performance in recent

Glaxo climbed 25 to 1393p partly in sympathy with the good performance of ICI pharmaceutical business but also on an article in the New England Journal of Medicine emphasising the effectiveness against ulcers of the company's star drug Zantac.

Courtaulds expansion in the US through the acquisition of a 10.5 per cent stake in Product Research & Chemical Corporation for £12.8m ensured a firm

 Other market statistics. including FT-Actuaries Share Index and London Traded Options, Page 31

ICI beats all the forecasts

First quarter figures from ICI came in well ahead of forecasts putting marketmakers in highspirits. One spoke of a chart resistance point at 1285p, saying: "If they break through, they will have a bull run." The price climbed 34 to 1232p in a turnover of 4m shares.

Analysts moved quickly to upgrade their forecasts for the current year - one dealar spoke of 5 per cent upgrades across the board. Mr John across the poets. An occupancy of the range with £1630m. He pushed that up to £1675m and predicted that £1600m would be the new floor on the range of estimates. Mr Chris Burbridge, near the other end of the scale, increased his forecast by £50m to £1600m.

Nevertheless, some analysis sounded notes of caution. Mr Doree pointed out that the good performance of the company's pharmacenticals business was due to stocking up in Japan ahead of the introduction of a sales tax on drugs. Others pointed out that any slowdown in domestic demand due to high interest rates had not yet filtered through to the

Strong US favourite

The strong performance of Racal Electronic shares over recent days was taken a stage further yesterday when the share price surged to a year's best of 429p before eventually settling a net 12 higher at 427p. American boying was said in have been behind the latest advance which say turnover in Racal increase sharply to 8.2m

shares. The US investment houses have chased Racal stock for some time on a story that the company is actively seeking to arrange for a sponsored ADR facility in the US, a move which should trigger a wave of support for the stock from some US funds prevented from being able to invest in a share "as ephemeral as an unsponsored ADR", as one analyst put it. Goldman Sachs, the US house that handled the US end of the Racal Telecom float are bot favourities to sponsor the Racal Electronic ADR's which, the market says, could be arranged before the end of the year: Racal were also said to be looking at disposals of some of their non-core activities.

Quizzed as to the reasons behind Racal's buoyant performance, Mr John Tysoe, electronics analyst at Shearson

Lehman Hutton, said if Racal Electronics were to be valued on the same basis as the 80 per cent owned Racal Telecom, then "you would be looking at closer to £10 a share for Racal Electronics Electronics.

Unlike the analysts, market-makers took a much more restrained view of yesterday's performance; "There was a lot of overseas bnying, mostly from the US, but much of the turnover represented business between marketmakers which tells me that not much stock is coming out and that the mar-ket is short," said one trader. Racal Telecom shares added 4 at 363p, after 368p.

Saatchi light relief Saatchi & Saatchi powered ahead amid strong suggestions that Mr Robert Maxwell was looking more seriously at the agency sector. The publisher is said to hold a small interest in Charles Barker and the buzz was that he had added sector leader Saatchi to his portfolio. Saatchi shares have wallowed in despair since the group warned of lower profits, and next month's interim figures are expected to be particularly

The mood of despondency, however, lifted yesterday as the shares shot up to 284p before settling 12 np on the day at 279p. Considerable arbitrage business developed with US houses buying domestically and selling in London, indicat-ing that not all were treating the Maxwell story seriously. One UK anlayst thought there was still more downside in Saatchi shares, but another said: "My marketmaking col-league tells me the business is coming from a broker who often acts for Mr Maxwell and we are all aware of his eye for

were towards the lower end of expectations but it was the poor performance of anti-Aids drug Retrovir, with £59m of sales, that took many by surprise. A busy 4.2m shares changed hands as the price fell fergus gas plant which han-

this year, also of £140m,

BP were well supported and closed 5% ahead at 230p on turnover of 55m shares after the chairman's statement at the agm which included confirmation that the confirmation of the second statement at the second statement statem Not welcome The market gave the thumbs down to interims figures from Wellcome. The pre-tax profits

arbargain.

mation that the company is to

Streamlines, PAPERS (2) Faktway (London), MR, Resourch, PROPERTY (2) StrEPPING (1) Roundings (2), STOCES (1) London Hish, TEXTLES (3) Countaides, Earlys of Whitney, Toray, TRISTS (42) GOS. (3) Ex. Cq. Louisians, Fairhwen Ind., Horszwar CII, Sentos, Shell Trans., 180458 (8) THRD MARKET (2) Pennine Option, Whitegree Laieure.

REW LOWE (29).
RECTRICALS (1) Optim Grp., FOODS (1)
RECTRICALS (1) Optim Grp., FOODS (1)
Reversed Foots, REUESTREALS (6) Assoc.
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Vinlen, Willis Grp., BISURIANCE (2) London
Unid., Willis Faber, LESSINES (1) Neutrical
Reversion, NEUTRAPERS (1) Reservery Tel., Clayle
Reversion, Servine New Court, OVERSEAS
TRUSTS (3) Carrievery Tel., Clayle
Rebard, Genth New Court, OVERSEAS
TRUSTS (1) Und Plante Africa, MRNES (5)
Acorn Secs., Delos Grp., Endesscour, sudo
Pacific, Julia Mines, Kentarrare, Tellis
BAARCET (1) Scott Pictiond.

NEW HIGHS AND LOWS FOR 1989

MEW 18618 (177).

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APPOINTMENTS

Scottish & Newcastle chairman

Mr Alick Bankin, chief executive of SCOTTISH & NEWCASTLE BREWERES, is to become executive chairman to become executive chairman upon the retirement this year of Sir David Nickson, writes Lisa Wood. Sir David, 59, was due to retire in November but will now step down as chairman after the annual meeting in August. He said yesterday that he had decided it was now appropriate to amounce tha that he had decided it was now appropriate to announce that changes following the outcome of the Monopolies and Mergers Commission's investigation of Elders IXL's proposed takeover of S & N. The Commission blocked Elders' proposed bid for the Newcastle Brown ale producer. Sir David will continue as a non-executive director. Mr Gavin Reed, who is currently managing director (operations), will become group managing director.

■ Mr Martin Wonfor becomes a partner of CAZENOVE & CO from May 1.

■ Mr Peter Bunchman has been appointed chairman of THE SCOTTISH EASTERN INVESTMENT TRUST which is managed by Martin Currie in Edinburgh. He succeeds Mr Norman Lessels who remains on the board. Mr Ranciman is executive chairman of Shanks & McEwan Group,



Lord Napiar of Magdala (above) has been appointed the general manager and a direc-tor of the PORT OF FELIX-STOWE INTERNATIONAL, a P&O company which provides port consultancy, management and training. Lord Napier was port director of the Manches-ter Ship Canal Company.

Mr Richard Pepper has been appointed managing director of COWIE INTERLEASING

■ OCEONICS SPL has appointed Mr Alexander Kilis as managing director succeeding Mr Harold Jamieson who becomes chairman. Mr Ellis was director of corporate development for Northern

The S&P LRISURE GROUP has appointed Mr George

Lautro changes chief executive

Mr Kit Jebens takes over on July 1 as chief executive of the LIFE ASSURANCE AND UNIT TRUST REGULATORY ORGANISATION writes Richard Waters. It is one of the five self-regulating organisations set up under the Financial Services Act. Mr Jebens, 57, who is currently Lautro's chief enforcement officer, was a brig-adier in the army air corps before retiring two years ago. He succeeds Mr Malcolm Reid, who became the organisation's first chief executive when it was set up three years ago, and who is to retire at the age of 62.

Martin, previously chief executive of Pleasurama and Land Leisure, as non-executive

TAN GROUP has made the following appointments. Mr David Mellalien has been appointed managing director of Finidrive Engineering Co from May 1. Ha is finance director of TBA Belting. another subsidiary. Dr Alan Ruddy becomes operations director of Fluidrive from June 1. He is manager of the Manchester factory of The Glacier Metal Co, another aubsidiary. Mr Peter Chadwick succeeds Mr Mellalieu as finance director of TBA Belting. He moves from the finance department of T&N head office.

Mr R.M. Pateman,

chairman, also becomes managing director of R.M.PATEMAN UNDERWRITING AGENCIES. Mr D.F. Adams has been appointed deputy chairman.

Mr Brian Edwards has been appointed group managing director of ST IVES GROUP. He is succeeded as company secretary by Mr Philip Harris, but retains the responsibilities of finance director. Mr Derek Morgan, managing director of subsidiary Burrup Mathieson, joins the main



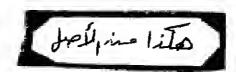
Mr Tim Lebus (above) has been appointed a director in the corporate finance division of CHARTERHOUSE BANK. He where he was vice president responsible for the UK corporate coverage group.

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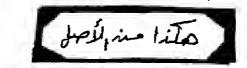


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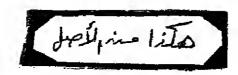
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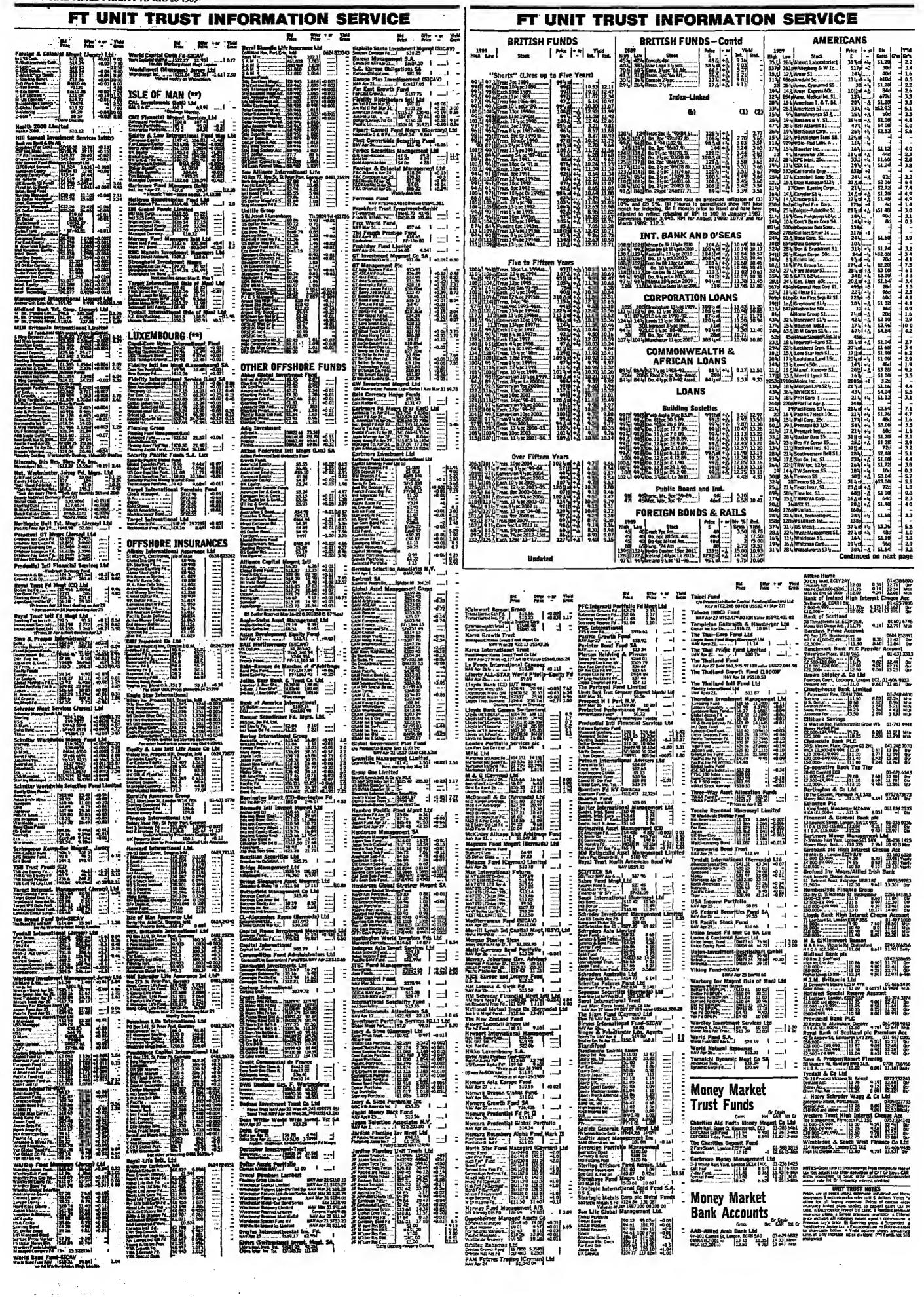
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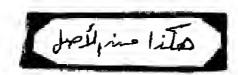
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FINANCIAL TIMES FRIDAY APRIL 28 1989 LONDON SHARE SERVICE Latest Share Prices are svelizable on Share Code Booklet ring the FT Code Booklet ring							
LETCINE C. LI		Share Code Booklet ring the FT Citylino help desk on 01-925-2128 OIL AND GAS Contd MINES Contd					
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Wells Fargo

& Company

U.S. \$200,000,000.

Floating Rate Subordinated Notes

due 2000

In accordance with the

rovisions of the Notes, notice is hereby given that for the

Interest period 28th April, 1989 to 31st May, 1989

the Notes will carry an Interest Rate of 101/16% per annum.

Interest payable on the relevant

interest payment date
31st May, 1989 will amount
to US\$92.24 per US\$10,000 Note
and US\$461.20 per US\$50,000
Note.

Agent Bank:

Morgan Guaranty Trust Company of New York

London

IRELAND

US\$300,000,000

Floating Rate Notes

due 2000

Notice is hereby given that the interest payable on the relevant Interest Payment Date, May 31, 1989 for the period November 30, 1988 to May 31, 1989 orgainst Coupon No. 7 in respect of US\$10,000 nominal of the Notes will be US\$502.78 and in respect of US\$250,000 nominal of the Notes will be US\$250,000 nominal of the Notes will be

of the Notes US\$12,569.50.

April 28, 1989, London By Clabonic, N.A. (CSS) Dept.L. Agent 80

CIVAS 12 LIMITED U.S. 538,000,000 Secured Floating Rate Notes due

et Rete 10.07% p.z. Inte

April 27, 1969 to May 26, 1969, Interes Payable per US\$100,000 Note US\$811.19.

April 28, 1989, London By Chibert, N.A., (CSSI Dept.), Agent Ber

FOREIGN EXCHANGES

Intervention fears hold dollar

THE DOLLAR edged slightly firmer in currency markets yesterday before easing back towards the close. After spending most of the day confined to a narrow range, the US unit finished little changed from on domestic prices. Wednesday.

Investors are unwilling to push the US unit much higher for fear of attracting concerted central bank intervention. However, it retained a firm undertone after figures released on Wednesday showed

a strong rise in first quarter Gross National Product. But at the same time, fears of rising inflation appear to have been alleviated - at least for the time being - by a smaller than expected price deflator - a means of measuring inflation. This has led to speculation that interest rates may be at a peak, and was suf-ficient to deter investors from taking on the central banks. A rise in March of 0.8 per cent in US personal expenditure appeared to have little effect

on the dollar.

The US unit eased to DM1.8765 from DM1.8785 and Y132.15 compared with Y132.20. Elsewhere, it finished at SFr1.6585 from SFr1.6580 and FFr6.3475 from FFr6.3575. On Bank of England figures, the dollar's exchange rate index was unchanged at 68.4.

C IN NEW YORK

Apr.	27	Late	4		Previous Oose	
E Spot I month 3 month 12 ment	1 6915-1 0.40-0 1.19-1 4 00-3	39pm 17pm	0	00-16 43-04 22-12 05-3-9	2pm Opan	
Forward	premia	ens and disc	tounts ap	ply to	the US (icilar
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		-	Apr.	27	Previo	ers
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CURRENCY RATES

Apr 27	rate	Drawing Rights	Carrency Unit
Sterling U S Dollar U S Dollar Canadian S Austran Sch. Beigian Franc Banesh Krone Banesh Krone Banesh Krone Kallan Lira Japanese Yen Speedish Krone Speedish Krone Speedish Krone Speedish Corach Brisch Pranc Greek Orach Irish Punt	4.50 5.50 133 133	0765140 1.30014 1.54717 17.1150 50.8972 9.45657 2.43126 8.22924 1782.52 170.838 8.82665 150.855 8.26629 2.14783 207.499 0.911610	0.655114 1.10678 1.32799 14.6370 43.5446 8.0957b 2.08007 2.34562 7.03667 1523.69 146.692 7.54858 129.029 7.0662b 1.83669 177.194
PAIL SDR cates	are lor A	or. 26	

CURRENCY MOVEMENTS

Apr.27	Bank of England Index	Morgan ^{es} Guaranty Changes %
Sterting U.S Dollar Consattan Dollar Austrian Schilling Belgian Franc Danish Krone Deutsche Mark Swiss Franc Guiteer Frenck Franc Lira	95.1 68.4 182.5 105.8 103.0 112.8 104.4 110.1 99.5 97.6	-16.4 -10.0 -0.5 -9.9 -6.1 -1.8 -20.5 +113.5 +13.5 -13.2 -20.1 +19.5
Moroaq Guarant; 1982 - 100, Bank of 1985 - 100; Rates an	England Ledex	rerage 1980- (Base Average

OTHER CURRENCIES

Apr 27	6	
PO CI		3
Argentical .	149.30 - 149.60	88,4000 - 88,5000
Autoralia .	7 1220 - 2 1245	1 2550 - 1.2560
8ra#11	1.7225 - 1 7325	1 0200 - 1.0250
F.oland _	7 0705 - 7 0415	4 1850 - 4 1870
E-rer	768 45 - 272 95	158 25 - 160 60
Hang Kong	13 1435 - 13 1565	7 7800 - 7 7820
lege	121 25*	70 30°
Porta-Sthi	11/2 70 - 1131 75	663 50 - 668 90
Kpeat .	0 4R930 · 0 49080	0 29000 - 0 29050
Lusembourg	66 30 - 66 40 4 5-800 - 4 5515	39 70 - 39 30
Malaysia	1099 78 4103 35	2427 00 - 2438 00
Messeo N. Zestand	2 7505 - 2 7555	1 6255 - 1 6280
Candi Ar	6 7315 - 6 1350	3 7490 - 3 7500
Simpagere	3 2895 - 3 2965	1 9495 1 9515
S Al (Em)	4 3030 4 3145	2 535 2 5550
S At Fni	6 8700 - 7 0125	4 0650 - 4 1495
Tahean	44 75 - 44 75	26 50 76 60
U.A.E	6 2025 - 6 2065	3 6725 - 3 6735
	Wallian ests	

MONEY MARKET Bucking the trend

tional rates were also behind

yesterday's move, according to the central bank.

In Dublin the Irish Central Bank increased its key short term facility rate - the level at which funds are lent to commercial banks - by 1 per cent to

9 per cent. In Amsterdam the Dutch

Central Bank left its rate for

special advances at 6.7 per cent, when providing Fl 3.2bn

of four-day money for the banking system. This replaces a three-day pact of Fl 341m. The Dutch Central Bank raised

the advances rate to 6.7 per cent from 6.5 per cent last

In London the Bank of

England initially forecast a money market credit shortage

of £250m, but revised this to

£300m at noon. Total assis-

tance of £300m was provided. Before lunch the authorities

bought £215m bills outright, hy

way of £140m Treasury bills in

band 1 at 12% per cent and £75m bank bills in band 1 at

12% per cent. In the afternoon

another £85m Treasury bills

were purchased in band 1 at

Exchequer transactions

drained £495m from the mar-ket, with a rise in the note

circulation absorbing £85m and

hank balances below target

£40m. These outweighed hills maturing outside official hands

adding a net £352m to liquidity.

12% per cent.

BRITAIN AND France have so far resisted the upward trend in interest rates prompted by the rise in the West German Bundesbank's discount rate last week, but upward pressure remained evident in other parts of Europe.

London money market rates fell, after Wednesday's UK trade figures for March appeared to remove the imme-diate fear of higher bank hase

UK clearing bank base landing rate 13 per cent from November 25

rates. Three-month Interhank finished at 1213-1214 per cent

compared with 131-1213. In Paris the Bank of France kept its money market intervention rate at 8.25 per cent when adding liquidity at a securities repurchase tender, and also left its five to 10-day securities repurchase rate at 9 per cent. This was the first opportunity for the Bank of France to indicate the level of its key lending rates since the rise in the Bundesbank's dis-

count rate. in Stockholm the problems of an overheating economy were again highlighted by a risc in the Swedish Central Bank's discount rate by 1 per cent to 9.5 per cent. Earlier this week the Government unveiled a revised Budget, proposing higher indirect taxation to cool the economy, Higher internaThe dollar's performance is closed at Y223.50 from Y223.25. likaly to be influenced hy reports that the Bank of Japan SFr2.8050 from SFr2.8000 and

Sterling moved firmer during the morning but came back to finish unchanged from Wednesday. Its exchange rate index opened at 95.2 and touched a high of 95.3 before slipping to 95.1 at the close, the same as Wednesday's finish.

Better than expected trade data for March saw domestic interest rates continue to decline. Nevertheless while a stable pound remains a key part in Government policy, tha authorities are unlikely to allow rates to decline sufficiently to risk having overseas investors moving out of ster-

ling.
The pound rose to \$1.6910 from \$1.6885, but was unchanged against the D-Mark

Elsewhere, it finished at
SFr2.8050 from SFr2.8000 and
FFr10.7325 from FFr10.7350.
The D-Mark showed very lit
tle reaction to news that West
German withholding tax is to
be abolished from July 1. The
deciaion had heen widely
expected in the market
da pootou and the desire the

Against the French franc, the D-Mark finished at FFr3.3825 from FFr3.3845. So far, there is little to suggest that the capital outflows caused by the intro-duction of the tax just four months ago will automatically

be reversed.

The Canadian dollar was supported by the Bank of Canada on at least three separate occasions, after confidence was occasions, after confidence was undermined by a leaked Budget report. This suggested that proposed cuts in the deficit would be less than had been generally hoped for. The US dollar closed in London at C\$1.1935 from C\$1.1900 on

at DM3.1725. Against the yen it wednesday.								
EMS EUROPEAN CURRENCY UNIT RATES								
	Ecu central rates	Currency amounts against, Eco Apr.27	% change from central rate	% change adjusted for divergence	Olvergence Unsit %			
Belgian Franc Danish Krone German D-Mark French Franc Dutch Guilder Lirish Punt Italian Lira	42,4582 7,85212 2,05953 6,90403 2,31943 0,768411 1463.58	43.544b 0.09576 2.09007 7.03687 2.34562 0.779349 1523.69	+2.56 +3.10 +1.05 +1.92 +1.13 +1.42 +2.70	+0.88 +1.42 -0.63 +0.24 -0.55 -0.26 +1.72	±1.5344 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6684 ±4.0752			

			_		
Changes are	for Sco	, therefore	positive	change	denotes

Apr.ZI	Day's	Close	One month		Tipree	%	
-4	spread			9.2	emeths	0.4	
us	1.6875 - 1.6975	1.6905 - 1.6915	0.41-0.38com	2.80	1.23-1.19pm	2.8	
Canada	2.0145 - 2.0290	2.0175 - 2.0195	0.06cm-0.06cds	- 1	0.30-0.14pm	1.3	
Neuberlands .	3.574 - 3.584	3 574 - 3.584	13-15com	5.87	545pm	5.7	
Belgium	66.25 - 66.60	66.30 - 66.40	28-23cpm	4.61	80-73pm	4.6	
Denmark	12 33 4 - 12 36 5	12.33 - 12.34	44-34 orenn	413	12 5-11 5 bm	3.6	
reland	1.1860 - 1.1915	1 1880 - 1 1890	0.40-0.35ccm	3.79	1.10-1.00pm	6.1	
N. Germany	3164 - 3174	3.17 - 3.17 2	14-14ppm	6.38	5-4 k pos	6.1	
ortugai		261.95 - 262.95	3-25cd/s	-0.64	2-91dis	-0.7	
pain	196 45 - 197 35	196.55 - 196.85	10cm-10cdis		8-18dk	-0.2	
taly	2321 4 - 2329	2322 2 - 2323 2	4-Litrepm	123	8-5pm	1.6	
forway	11.504 - 11.54	11.504 11.514	2-lorepm	1.56	54-45 pm	1.6	
rance	10.71 - 10.755	10.72 4 - 10.73 4	4-33 _e com	4.12	104-10cm	3.8	
meden	10.75 - 10.80	10.75% - 10.76%	15-4 oreput	1 32	34-23 pm	1.2	
apan	223 - 2244	223 - 224	14-11-ypm	8.72	412-43,000	7.9	
ustria	22.28 - 22.38	22.31 - 22.34	114-Ligropm	6.11	33 4 - 30 4 pm	5.7	
eritzerland .	2794 - 281	280 - 281	12-14-000	5.88	43-44 pm	6.0	

Apr.27	Day's spread	Clase	One month	3.0	Timee months	A.
UK†	1.6875 - 1.6975	1.6905 - 1.6915	0.41-0.38cpm	2.80	1.23-1.19pm 0.35-0.45dls	2.8 -1.1
relandt	1.4200 - 1.4280 1.1885 - 1.1995	1.4245 - 1.4255 1.1930 - 1.1940	0.15-0.20dis 0.26-0.30dis	-1.48 -2.81	0.70-0.76dls	2.4
Verberlands.	2.1060 - 2.1190	21155-21165	0.55-0.53cpm	3.06	1.57-1.53pm	29
Belgium	39.05 - 39.36	39.20 - 39.30	6.50-5.00cpm	1.76	19.00-16.00per 2.15-1.75om	17
Denmark W. Germany	7.26 5 - 7.31 1.8665 - 1.8790	7.294 - 7.294 1.8760 - 1.8770	0.90-0.65orepm 0.57-0.54ofpm	1.27	1.63-1.58pm	3.4
Portugal	154,75 - 156,20	155,10 - 155,20	37-52cdis	-3.44	110-160dB	-3.4
pain	115.95 - 116.50	116.30 - 116.40	35-45cdis	-413	103-113ds	-3.7
taly		1373 4 - 1374 4 6.805 - 6.81	1.30-1.80 (red)s	1.35	5.40-5.90dis 1.85-2.15@s	-1.6 -1.1
rance		6.3415 6.35	0.62-0.57cpm	113	1.55-1.45om	0.9
weden	6,35 - 6.38	6.364-6.364	0.70-0.85oredis	-1.46	2.45-2.70ds	-1,6
apari	131.95 - 132.45	13210-13220	063-061	5.63	1,71-1.68pm 10,70-9.50pm	51 3.0
Austria	13.154 - 13.211 ₂ L6490 - 1.6590	13,194 - 13 204 1,6580 - 1,6590	3.65-3.25gropm 0.47-0.44cpm	3.30	1.39-1_35pm	33

E	JRO-CL	PRENC	Y INT	REST.	RATES	
'Apr.27 '	Short .	7 Days notice	One Magach	_Three, Montks	Six Months	One Year
erling	124-124 9124-65-595-67-65-65-65-65-65-65-65-65-65-65-65-65-65-	12 - 12 - 12 - 12 - 12 - 12 - 12 - 12 -	12-7-12-7-12-7-12-7-12-7-12-7-12-7-12-7	13-12-12-12-12-12-12-12-12-12-12-12-12-12-	13-12% 10-92 12-9-12-9 7-3-6-9 6-8-6-9 9-8-9-9 12-11-9 8-9-8-4 8-9-8-4 9-9-8-4	13-12% 101-10 123-124 74-74 64-64 64-64 91-9 124-114 83-84 54-5 93-94

	- 14 - 12 - 12 - 12 - 12 - 12 - 12 - 12	 			
Long term Eurock e years 10 à -913 pe	Mars: two years				
C years Told-Alf be	C DOM: POT-MENU	 CD OF CHILLIPS	OJ DUINES EN	anhance see a	ment and and

EXCHANGE CROSS RATES										
Apr 27	3	5	OM	Yen	F Fr.	S fr.	H FL	Lira	C S	8 Fr
£	1 0 591	1.691 1	3 173 1.876	2235	10 73 6345	2.805 1.659	3.578 2.116	2323 1374	2018 1.193	66.3 39.2
OM YEN	0.315 4.474	0 533 7 566	1 14 20	70.44 1000.	3.382 48.01	0.884 12.55	1.128 16.01	732.1 10394	0.636 9.029	20.91
F Fi. S Fr.	0 932 0 357	1.576 0.603	2957 1 131	208.3 79.68	10. 3 825	2614 1	3.335 1.276	2165 828.2	1 881 0.719	61.8
Я FI. Ula	0 279 0.430	0.473 0.728	0 887 1.366	62.47 % 21	2.999 4.619	0.784 1.207	1.540	649.2 1000.	0 564 0.869	18.5 28.5
C S 8 Fr.	0 496 1.507	0.838 2.549	15亿	110 8 336 9	5.317 16 17	1.390 4.228	1.773 5.393	뛢	3041	32.8 100.

(11.00 a.m. Apr.27)	3 workes US dollars	6 months US Doltars		
bid 9%	offer 10	64 9년	offer 10 <u>1</u>	
he fixing rates are the arith	metic means rounded to the	earest one-shoteenth, of the b	id and offered rates for \$10m	

Sank. Rank of Token. Decision Rank. Ranne Uniformly de Park and Morean Generativ Trees

MONEY RATES NEW YORK Treasury Bills and Bonds

$\overline{}$			7.99 Three year 8.63 Four year 8.69 Five year 9.00 Seven year 9.12 10-year 9.21 30-year			
eruight.	Mosth	Two Months	Three Months	Six Months	Lonbard Interventio	
8-8%	02-8H	6.25-6.40 8H-8H	6.45-6.60 83-83 63-63 687-6.97 43-48 124-124 84-83 9-74	6.60-6.75 011-88 951-951	6.00 7.25 - - - -	
	0-5.75 3-8% 1-64 5-6.68	0-5.75 6.10-6.25 6-8% 07-6% 5-6% 67-6% 5-688 6.75-6.85 6-4% 45-4%	0-5.75 6.10-6.25 6.25-6.40 8g-8h 675-6.85 675-6.	05.75 6.10-5.25 6.25-6.40 6.45-6.60 84-81 64-54	00-5.75 6.10-6.25 6.25-6.40 6.45-6.60 6.60-6.75 6.25-6.40 6.45-6.60 6.45-6.75 6.45-6.40 6.45-6.60 6.45-6.45 6.45-6.4	

LONDON MONEY RATES												
Apr.27	Overnight.	7 days notice	Ope Month	Three Months	Six Months	One Year						
interbank Offer interbank Bild Sterling CDs. Scall Authority Dess. Scall Authority Bonds Ibsount Mik Deps. Semany Deposits France House Deposits (Pasy) Sank Bills (Bay) Sollar CDs (OR Linked Dep Offer Interbank Bills (Bay) Sollar CDs (OR Linked Dep Offer Interbank Bild (Bay) Sollar CDs	- 1	123, 12 121, 125,	1212 122 123 124 125 125 125 125 125 125 125 125 125 125	13 12 12 12 12 12 12 12 12 12 12 12 12 12	13 12 12 12 12 12 12 12 12 12 12 12 12 12	13 127 127 127 128 134 134 134 81						
DR Linked Dep 81d	- 1	-	. 8	ati	왕	87						

Trassury 8 lits (sell); one-month 1233 per cent; three months 123, per cent; Bank 8 lits (sell); one-month 12, per cent; three months 123 per cent; Trassury 8 lits; Americe cader rate of discount 12.6 126 p.c. ECGO Fixed Rate Sterring Export Finance. Make up day April 28, 1989. Agreed rates for period May 24, 1989 to June 25, 1989, Scheme I: 13.% p.c. Schemes II & 11.4.3 p.c. Reference rate for period April 1 to April 28, 1989, Scheme IV&V: 13.200 p.c. Local Authority and Finance Houses seven day; notice, others seven day; fixed. Finance Houses East 134, from April 1, 1, 1985. Bank Deposit Rates for sams at seven days notice 4 per cent. Certificates of Tax Deposit Series 6); Deposit £100,000 and over held under one month 912 per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; under £100,000 of 92 per cent from December 1,1988, Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES

CURRENCIES, MONEY AND CAPITAL MARKETS

Prices rise as UK rates fall

A MORE relaxed mood, following the announcement of better than feared UK trade fig-ures on Wednesday, pushed short sterling and long gilt futures firmer on Liffe yester-

June short sterling rose 13 basis points to 87.10, keeping in line with the movement in cash rates. Three-month sterling interbank fell % per cent

on the futures contract.

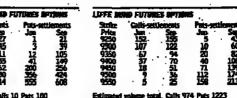
on the money market, which is equivalent to a rise of 12 points

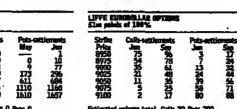
on the nutures contract.

The market was thin, with June delivery trading less than 18,000 lots, as dealers began to look towards the long May Day weekend. The buying that did develop reflected the belief that base rates are unlikely to fell before June but when tely.

carry, the June contract should be above 87.00 at delivery. A price of 87.00 is equal to a cash interest rate of 13 per cent.

> At last night's closing price the contract appears to be fully valued however, and gives no premium for the risk that base rates may go up in the mean-time. June long gilt futures rose to 95-28 from 95-22.





Estimated Previous d	volume total, ay's open inc.	Calls 0 P	HS 0 PMS 160	9
LONDO	N CLIFF	E)		
	9% NOTZBNAI 12mb of 100%			
Jun Sep	Close 95-28 96-24	High 95-29	95-18	Prez. 95-22 96-18
Estimated Previous d	Volume 7140 ay's open inc.	(24198) 21904 (24	13580	
7-10 YEAD	R 9% INTERNA Zeds of IBO%	NT CITY		
Jus. Sep	(Jest 92-23	High	Law	Prev. 92-15

LIFFE £/5 OPTIBHS £25,000 (cents per £1)

910 410 63

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d Volume 13747. (18084) day's upen let. 36493 com

Estimated Volume 492 (470) Previous day's open lat, 804 (845)

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944 TIR PA	Close	High	Low	Prev
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Sep	93.14	93.16	93.11	93.0
Jen Sep Dec Mar	93.08	93.00 93.07	93.02 93.07	93.0
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E-standard		1744///	-	
Estimated Previous d	ay's open lat.	5065 (453	CO .	

Close High Low Prev. 215.15 215.20 212.90 212.70 219.15 216.70

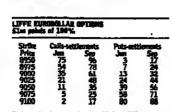
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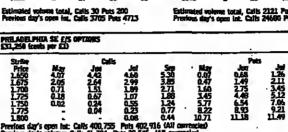
1-enth. 3-enth. 6-enth. 12-enth. 1.6871 1.6789 1.6682 1.6510 Latest High Low Pres. 16858 16866 16842 16824 1.6742 16742 16736 16706 16624

FT LONDON INTERBANK FIXING

- 814 814 814 816 817 814

fall before June, but when taking into account the cost of





CHICAGO

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Jet Sep Dec

EUROPEAN OPTIONS EXCHANGE Vol Last Vol Last 50 3.60 70 14.50 250 1.10 90 0.50 Vol (Last 20 23 40 17.50 17.80 13.50 10 6.50 4.20 2.60 1.20 0.90 1.30 2.40 2.40 2.40 264 152 64 212 17 17.80 14.50 11.50 9.50 5.50 3.20 4.80 8.80 1.40 9.50 1.40 1.40 4.40 E 3.40 4.60 6.60 9.50 13 3.10 134524 9

100 12 1.70 563 120 130 1.20 1.20 5.30 32.50 6.50 3.20 4354 - 1763 4,80 4.60 껖 2.60 11.50 3.80 3.50 3.50 5.50 110 1923 \$5154594555150X 1487 400 1095 384 101

TOTAL VOLUME IN CONTRACTS: 55,930
A-Ask 8-8id C-Call P-Pet

BASE LENDING RATES

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•	Allied Irish Bank	13	Coetts & Co 13		ĭĭ
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	Date of Scotland	13	● Hambros Bank	Westpac Bank Corp	13
	Banque Beige Ltd		Heritable & Gen law Book 13	Windstanny Lakston	
	Barcias Bark	Ħ	● HBI Samoel	Yorkshire Bank	13
	Benchmark Bank PLC	ñ	C. House & Co 13		

Ministerny Labelan • Members of British Merchant menones of north mercuany Banking & Securities Houses Accociation. * Deposit now 5.9% Savenise 8.7%. 100 Merciago Instant access 12.1% & Merciago hate rate. § Demand deposit 8%. Mortgage 13.625% - 14.00% Mortgage Express Ltd. __ \$13.75 . Mount Boke Corp. _____ 13 Ret St. of Kunnid 13

CORPORATION (Incorporated in the State of Deloware Unconditionally guaranteed on a subordinated basis by CITICORP 4 Notice is hereby given that the Rate of Interest has been fixed at 10.1875% and that the interest payable on the relevant Interest Payment Date July 31, 1989 against Coupon No. 18 in respect of US\$10,000 nominal of the Notes will be US\$266.01.

April 28, 1989, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

US\$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE JANUARY 1997

CITICORP BANKING

U.S. \$500,000,000 CITICORPO

(Incorporated in Delaware)
Subordinated Floating Rate Notes Due January 30, 1998 Notice is hereby given that the Rate of Interest has been fixed at 10,0125% and that the interest poyable on the relevant Interest Payment Date May 31, 1989 against Coupon No. 40 in respect of US\$10,000 nominal of the Notes will be US\$91.78. April 28, 1989, London By: Critbank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

CITICORPO

U.S. \$350,000,000

Subordinated Floating Rate Notes Due November 27, 2035 Notice is hereby given that the Rate of Interest has been fixed at 10.0375% in respect of the Original Notes and 10.125% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date May 31, 1989 against Coupan No. 42 in respect of US\$10.000 nominal of the Notes will be US\$92.01 in respect of the Original Notes and US\$92.81 in respect of the Enhancement Notes.

April 28, 1989, London by: Chibank, N.A. (CSSI Dept.), Agent Bank.

CITICORPO

U.S.\$500,000,000 Subordinated Floating Rate Notes

Due October 25, 2005 Notice is hereby given that the Rate of Interest has been fixed at 10.0375% and that the interest payable on the relevant interest Payment Date, May 31, 1989, against Coupon No. 43 in respect of US\$10,000 nominal of the Notes will be US\$92.01.

April 28, 1989 London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCE

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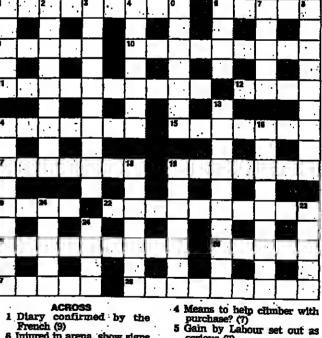
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CROSSWORD

No.6,921 Set by DINMUTZ



ACROSS
1 Diary confirmed by the French (9)

of embarrassment (5)
6 What is sometimes bent in
the Spanish salute? (5)
10 Citadel processing copra oils (9) 11 Surveillance craft used by

(9) 13 Foot-long skeleton (10) the police, right? (10) 12 Response from the chorus 14 How to describe things at home? (9) 16 Rear lamp makes shadow faint (4-5) (4) 14 Father is leading boy for a 18 SEN Wood somehow passed

thrill in Paris (7)
15 Plays with the rate of exchange (7) exchange (7) 17 But they do play at home!

19 Giving money away – or cautious about it? (7) 20 First person on a Scottish island (4)
22 He could be a striker or

back at work (10) 25 Lots ordinally? (9) 26 Volume, say, of soughs (5) 27 Striking effect of city area not entirely defunct (5)

28 Bank enstomer - ona trapped by faulty doorstep

DOWN 1 Bar, we hear, of Dvorak for example (5)

2 Dissenter Leo, rising (9) 8 One who renders accounts through the normal chan-

Solution to Puzzle No.6,920 DISMAL USUMER
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serious (7)
6 Break point brings yawn (4)
7 Saintly memorial of high priest in church (5)
8 Record club decidedly a find

19 What a sauce, to draw level,

say (7) 21 Plane crash in mountainous

country (5) 23 One stands upright in flight

(5) 24 No longer known as county

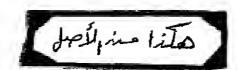
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Brown Shipley ______ Business Mitge Tsi _____ Cl. Bank Mederland _____ Central Capital _____ Charterhoese Bank _____ Chibank NA _____

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PHANCIAL TIMES	FRIDAY APRIL 28 19	89	W	ORLD STO	CK MARKETS
AUSTRIA April 27 Sch + or	FRANCE (continued)	GERMANY (configured)	ITALY (continued)	SWEDEN Know A ser	
Creditaristalt	Age11 27 Frs. By Age11 27 Arjennari-Prisms 2,650 30 BSC 170 -1 BSC 170 -1 BSC 170 -1 Sancaire Cle 550 tz -3 Sancaire Cle 500 tz -3 Sancaire Cle 500 tz -3 Sancaire Cle 500 tz -3 College	April 27 Dan. + or	April 27	Agenit 27 Kroese + er -	TORONTO 2pm prices April 27 Constitions in center unless marked \$ 10790 AMCA int
GRY Holding 808.7	Roseal-Ucial 1,615 -6	Traly Agent 27	Ageril 27 Pis. % + or -	Alerton	NEW YORK DOW JONES Acr Agr Agr
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Fujillares 1,240 1	### Committee Co	Profit	Volcopard Earl	Hetalison Wips	If you work in the business centhamburg, Berlin, Dusineuss, Koln, Bonn, Francisch, Höchst, Exusselsheim, Mainz, Wisselsheim, Ludwigsh, Stuttgart, München, Heidelberg, Nürnber Taunus Area—gain the competitors. Have your Financial Times perdelivered to your office at no eyou will be fully briefed and alvissues that influence or affect your business.

CANADA										
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2pm prices April 27	800 C NCI A 1 510 4 184 164	12400 Kerr Add \$19 ¹ 2 18 ¹ 4 18 ¹ 2 - ¹ 4 16006 Labett \$22 ² 4 22 ³ 4 22 ³ 4 - ³ 4	252163 Royal Box \$40% 39% 40% +1%							
Cuotations in canta unless marked \$. 10190 AMCA Int. 455 450 455+ 5.	24066 Con TVX 87½ 7½ 7½ 7½ 1 550 Crisum Gas \$2552 25½ 25½ 1	30220 Log Mints \$12 % 12 % 12 %	14100 SHL Syst \$9% 9% 9% ~ % 1000 SNC A1 \$9% 0% 652							
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29705 CHUM B # \$2014 2014 2014	2790 imppec \$111 111 111 111 1 1 1 1 1 1 1 1 1 1 1	5100 Reyrock 1 58 5 0 1560 Redpath \$201 ₉ 201 ₉ 201 ₉	1-No voting rights or restricted voting							
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								IND	ICES						
NEW YO	RK		00	W J0	NES					Apr.	Apr.	Apr.	Apr.	19	69
	Acr	Apr	Apr	4	2	969	5ac 6	mpifation		27	26	25	24	High	Low
Almándriais	26 2389.11	25 2386.91	24 2402 M	21 2409.46	High 2409.46	Z144.64	High 2722.42	Lbo 41.22	AUSTRALIA All Ordinaries (L/1/80)	2479.9	1472.5	(c)	1476.1	1551.7 (31/1)	1412.9 (7/4)
			88.37		(21)4)	13/13 87.35	C25/8/87	27/32	All Mining (1/1/80)	676.8	668.8	4	672.6	727.0 (26/1)	652.6 (7/4)
Home Bonds	88.53 1127.91	88.45 1129.85	1140.85	88.33	89.62 (8/2) 1140.85	959.95	1140.85	12.32	AUSTRIA Credit Aktien (30/12/84)	312,76	310.58	309,63	309.47	312.76 (27/4)	219.5 (2/1)
(b) 115	290.61	189.90	191.15	190.97	191.15 124/1)	181.84 124(2)	227.83 227.83 2231.87	10.50 10.4(32)	BELGIUM Brissels SE CL/1/800	5899.31	5912.77	5926,42	5920.66	5926 89 (20/4)	5519,30 (4/1
40sy's High 2404,14	1242).55	1.0m 23	73.90 IZ	SF8.853	240	4.40	1144017	Tol diver	DENMARK Coperingen SE (3/2/83)	299.91	298.64	298.32	298.26	299.91. (27/4)	275,49 (27/2
STANDARD AND POC	2°5 306.93	306.75	308.69	309.61	309.61 (Z1/4)	275.31	336.77	4.40	FINLANO Value General (1975)	806.2	803.1	802 3	801.1	815.8 (18/4)	723.3 (4/1)
(edastrizi	353,96	363.91	358.15	357.49	357.69	318 66	(25/8/87) 393.17	3.62	FRANCE	-	0002		0011	22244	7031.40
Fluoriti	28.47	28.50	28.70	28.83	28.83	34.30 10/10	25/8/87) 22.63 (25/8/87)	(21/6/32) 8.64 0./10/74)	CAC General (31/12/87)	457.8 108.6	464.6 109.0	468.4 110.0	470.4 111.3	470.4 (24/4) 111.3 (24/4)	417,9 (4/1) 97.5 (27/2)
NYSE Composite	171.75	171.40	17249	172.90	172.90	154.98	187.99	4.46	GERMANY						
Amer Mtz. Value	343.42	343.07	542.76	342.59	343.41 125.76	378.56	365.01 0.3/5/87)	29.31 (9)12/72)	FAZ Aktien (33/12/58) Commerciant (3/12/53) DAX (30/12/87)	576.5 1717.8 1369.57	577.27 1717.7 1373.04	573.25 17103 1372.42	575.56 1714.5 1368.38	585.28 (13/4) 1741.9 (13/4) 1394.62 (17/4)	535.78 (27)2 1595.7 (27)2 1271.70 (23)7
NASDAG DTC Comp	423,38	422.71	423.18	423,76	(21/0	GAD	455.28 (25/8/87)	54.87 COLDO/720	HONG KONG Hang Seng Back (31/7/64)	3077.26	3118.67	3118.73	3095,99	3209.96 (9/2)	2706.6A C3/1
Dow Industrial Div.	YINA .		46	Apr 1		3.62	year ago (-,,,	ITALY			-			
		Ap	19	Apr 1		Lor 5	year ago (арргох,)	Banca Cons. Ital. (1972)	611.53	615.32	3	620.30	620.30(24)40	577,49 (28/2
5 & P Industrial div 5 & P Indi. P/E rail	ykid .	13	.6Z	3.J2 13.2	, ,	3.16 3.09	29 153	5	JAPAN Nikkel (16/5/49) Tokyo SE (Topis) (4/1/68)	33500.83 2471.5	33434,93 2461.02	33244.78 2448.73	32805.9 2422.98	33500.83 (27/4) 2494.74 (5/4)	30183.79 (5/) 2366.91 (6/)
TRADING ACTIVITY			† Volum	-		· · · KEV	YURK	Apr 24	KETHERLANDS	-					
Apr	25 A	Officers pr 25	Apr 24		states Trades	1.94			CBS TV. Rise Gen. (End 1983) CBS All Shr (End 1983)	239.4 190.6	189.1	237.3 189.1	237.5 189.2	239.4 (27 <i>j4</i>) 190.6 (27 <i>j4</i>)	209.3 G/11 166.7 G/30
Her York 14	6.090 1 7.743	45.436 17.025	142.88	1	alis Inchanged	60	us gon	799	RDRWAY (Islo 3E (2/1/63)	636.40	651.39	659.08	656.80	665.61 (19/4)	467.17 (2/1)
OTC 10	7640	23.650	9817		ien Highs ien Lous		67 465 15 98 17 20	19	SINGAPORE Strafts Times Incl. (30/12/66)	1253.17	1250.51	1246.11	1247.24	1258.33 (17/4)	1030.69 (4/1
CANADA	A# 26	1 "		Apr	A# 21	61-4	1989		SOUTH AFRICA JSE Gold (28/9/78) JSE Indostrial (28/9/78)	1527.04 2571.04	1518.0 2560.0	1525.0 2559.0	1515.0 2550.0	1639.0 (23/3) 2571.0 (27/4)	1291.0 (15/2 1961.0 (3/1)
Mesals & Minerals	134	70 33	64.7	3763	3341.0	Righ 3564 9 (6/2) 3696 1 (8/2)	5207	15 (5/1) 15 (6/1)	SPAIN Madrid SE (30/12/85)	296.30	295.95	296.00	295.95	297.29 (10/4)	268.61 (1/3)
MONTREAL Portfolio	1807					ESO.44 (8/2)		A8 G/1)	SWEDEN Jacobson & P. CSL/12/563	3896.5	3671.3	3858.7	3885.4	3912.2 (6/4)	3333.9 (3/1)
NEW YO	RK	ACT	IVE	ST	DCK:	S			SWITZERLAND Swiss Bank Ind. (31/12/58)	680.6	676.8	675.4	677.7	680.6 (27/4)	613.1 (3/1)
Without Texas Eastern	Stacks trades 1,985	-		day Xem		Sto		ng Change e on day	WORLD M.S. Capital Intl. (1/1/70)	e)	511.0	511.7	510.7	519.0 (17/2)	491.2 (28/3)
Security Pacif (crt) Pap Am Union Carbide	1.801 1.805 1.586 1.464,	000 4 000 3 300 30	15 + 442 + 15 +	A ED	raw-Kill	131	6,100 74 13,000 404 11,600 1144 11,900 344	- 19	- Subject to official rec	iculation	i.				

Base values of all indices are 100 except Brussels SE and 9AX - 1,000 JSE Gold - 255.7 JSE industrials - 264.3 and Australia. All Ordinary and Mining - 500; iz) Closed, (a) Unavailable.

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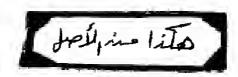
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FINANCIAL TIMES

Have your

AMERICA

Dow climbs to a post-crash record

Wall Street

REMARKS from US Federal Reserve officials signalling that monetary policy would not be tightened further for the time heing, combined with rumours of a weak purchasing managers report early next week, sent equities surging to another post-October 1987 crash high, writes Janet Bush

At 2pm, the Dow Jones Industrial Average stood 27.68 points higher at a post-crash peak of 2,416.79, improving sub-stantially on the previous high last Friday of 3,409.46. Volume was active with 131m shares changing hands by midsession. The sharp rally in equities followed a lacklustre performance in the orevious three sessions this week and paralleled a strong rally in Treasury bonds which took the yield on the benchmark long bond down to 8.50 per cent.

The main factor behind yesterday's sharp rises in US financial markets was confirmation from Fed officials that the central hank has stopped pushing interest rates higher.
Mr Robert Boykin, president
of the Federal Reserve Bank of

Dallas and a known inflation hawk, said that the Fed needed to observe and see the results of the tightening so far. Mr Wayne Angell, Fed governor. said that it was not a good idea to make too many moves in one direction in interest rates without waiting to see their

These comments served to confirm what most in financial markets had already thought. and-see stance of the Fed is not news but investors and traders still appeared to derive comfort from the Fed's overt acknowledgement.

results.

The very positive tone of markets at the outset was reinforced by a number of other factors. First, the dollar, which might have been expected to weaken because the prospect of higher interest rates had dimmed, held very steady.

Second, some components of yesterday's personal income and expenditure figures for March seemed to signal soft-ness in the consumer sector. Consumer spending rose by only 0.2 per cent last March, about half of what had been expected, and the savings rate rose to its highest level since

May 1985. Dealers all hnt ignored a sharper than expected iump of 0.8 per cent in perted jump of 0.8 per cent in personal income.

Third, rumours started to

circulate around the markets around mid-morning that the April US purchasing managers' index, closely watched as an economic indicator and due to he published on Monday, will

fall below 50 per cent.
The 50 per cent level is the dividing line between an expanding and contracting economy. In March, the index fell to 50.4 per cent.

In recent sessions, the equity market bas interpreted any data which signals economic slowdown bullishly in spite of evidence that inflation is on a rising trend. Any concern about the econ-

omy sliding into recession appears to be firmly in the back of people's minds as evi-denced by yesterday's surge to post-crasb peaks partly on rumours that Monday's report will point to a recession.

Among featured stocks yes-terday were Boeing and United Technologies which were lifted by news of a substantial order from United Airlines. Boeing jumped \$1% to \$75% and United Technologies surged

Peugeot roars past industry rivals

Hilary de Boerr reports on Europe's car stocks in the first quarter

P EUGEOT finished well ahead of other car mak-ers in the first leg of this year's European stocks Grand Prix, racing ahead with a rise of 23.5 per cent in the opening cash and preferred stock. Xerox added \$% to \$68%, extending Wednesday's gain of

The French group, which has shifted to a lower gear in the past few sessions in line with the weaker French market, had a powerful run, beat-ing not only fellow automobile stocks in Europe but also its own stock market. The issue outperformed the Paris bourse by 16.6 per cent to become the market's 10th hest performer in the first three months, according to the FT-Actuaries World Indices in local currency

Peugeot's phenomenal recovery this year - after rising by just 2.7 per cent relative to its stock market last year - has been fuelled hy several factors and has occurred in spite of indications that the car industry boom is slowing down as high interest rates soften

The French group has tack-led its high gearing, which proved a drag on both earnings and the stock price. It has introduced a more modern

ada would not be proceeding

with its nuclear submarines

programme. The stock rose

FFr3.50 to FFr226, with one

analyst commenting that it was near the bottom of its trad-

ing range and thus had tradi-

tional support.
ZURICH took heart from this

week's good corporate news as the market moved generally higher. The Credit Suisse index

It was Sandoz's turn to

announce strong financial

results, following Nestle and

Ciha-Geigy earlier this week. Sandoz said first-quarter turn-

over increased by 33 per cent to SFr3.3hn, and that the group would adopt a holding com-

Sandoz bearers rose SFr300

added 3.8 to 574.7.

range of cars and reduced its labour costs, giving it what one industry analyst says is the best cost margins position not only among European car mak-ers but also of those in the US.

The facts back this up: Peugeot reported a 32 per cent jump in net profits for last year and is maintaining its position as the fastest growing European volume car maker. The stock still has lots of

fans. Mr Stephen Reftman, at UBS Phillips & Drew, believes the share prica could rise by a further 45 per cent hefore reflecting its true value and says: "In terms of its re-rating, we ain't seen nothing yet." Peugeot'e performanca was in marked contrast to its Ger-

man counterparts, which failed even to cross the finishing line in the first quarter. Daimler plummeted by 9.6 per cent — underperforming the German hourse by 10.3 per cent — while BMW fell by 1.7 per cent, a drop of 2.6 per cent relative to the hourse. VW was unchanged, lagging its market by 0.8 per cent.

The battle between Daimler and BMW for the luxury car market has knocked Daimler the hardest. The year began on Share prices · ·

sombre note for the group and its share price, amid indi-cations that 1988 profits would be lower than the previous year. Fears were underlined hy statistics showing a slide in Daimler's sales — Mercedes-Benz registrations fell by 7.2 per cent in Europe in the first quarter – and were confirmed last week, when the group reported 4.5 per cent lower annual profits.

The stock has also been hit hy uncertainty over its planned merger with MBB, the unattractive earnings scenario for the next couple of years, having failed to hring new models on to the market. Daimler's weakness proved a drag on BMW - many stock investors lump the two luxury

car makers together when it comes to investment. This is in spite of expectations of a healthy boost to BMW sales this year from the group's new The bad news for the com-pany is its high margins, with labour costs and steel prices

expected to eat into its profit-Sweden's car makers were both strong performers in the first quarter, aided by signs of continued buoyancy in the truck business, although gains were attributable largely to the strength of the Swedish stock

market. Both Volvo and Saab Scania rose by 24 per cent in absolute terms in the period, but by just 6 per cent relative to their bourse. In Italy, Fiat lost 3.1 per cent (5.4 per cent relative to the Italian bourse), amid indicatione that increasing competition was forcing the group to discount heavily its

Index-related funds push Nikkei to another high

HEAVY huying by indexed funds and reports of a possible easing of US interest rate policy lifted prices higher as the Nikkei average scored a second consecutive record high, writes Michiyo Nakamoto in Tokyo.

The Nikkei maintained its rising momentum of the last few days, finishing 65.90 higher at 33,500.63. The day's high was 33,565.07 and the low 33,425.32. Advances outnumbered declines by 561 to 358 and 160 issues were unchanged. Turnover, however, at 1.12hn

shares, was lower than the 1.33bn traded on Wednesday. The Topix index of all listed shares firmed 10.48 to 2,471.50. But in later trading in London, the ISE/Nikkei average closed

0.57 lower at 1,948.41. The energetic showing in Tokyo was somewhat unexpected, occurring as the mar-ket should have been slowing down for the Golden Week holidays which begin this weekend. "Normally it would he time for the market to take a rest," said Mr Mitsuru Mae-

kawa at Jardine Fleming. One positive factor was the likelihood that the hudget will now be bulldozed through the Dict, following the resignation of Prime Minister Takeshita over the Recruit scandal. Interest rates remained a

concern, even though a moderate rise in the official discount rate is said to have been discounted already. Investors are expected to feel more comfortable after the release of Tokyo's consumer price index, due today, and key US eco-

nomic figures. Early yesterday, the market rise was sparred by individual buying of special situation stocks and wide ranging pur-chases by the new index-linked funds. Early gamers later suf-fered a round of profit-taking. Reports, however, that the Federal Reserve might relax its interest rate policy in face of evidence of a US slowdown sparked interest in large-capital steels and shipbuildings. Among them, Sumitomo Metal, top on the most active

ust with 55 4m shares traded,

NATIONAL AND

gained Y19 to Y908. It was reported that the company's profits from new husinesses had gone up 40 per cent in the past fiscal year. Sumitomo is also thought to be a laggard among steels. Kawasaki Steel, second most actively traded with 40m shares, rose Y45 to Y1.020. Nippon Steel also increased Y23 to Y940 in heavy

Dainippon Ink, third in volume with 25.3m shares, lost Y1 to Y963. It was earlier bought as a low-priced issue hut later declined on profit-taking.

Among situation stocks, Kirin Brewery advanced Y120 to Y2.080. A leading newspaper reported that the company had started a programme for com-mercial production of heer hio-reactor. It also plans to build a factory that will reduce the hrewing process to less than one-twentieth of the time it now takes.

Yamashita-Shinnihon Steamship and Japan Line, two ship-ping companies that will merge in June, both attracted substantial huying that lifted Yamashita's shares Y44 to Y504 and Japan Line Y29 to Y210. Investors were encouraged that the merged company aims to register a recurring profit in the first year. Recent gains by other shipping firms also helped to attract interest

to the two laggard stocks.

Nippon Selko, Japan's largest maker of bearings, rose Y60 to Y1,130 on news that it has developed a magnetically levitated actuator, which does not raise dust and is therefore suited for handling semiconductor chip wafers in a clean

Share prices surged in Osaka where the OSE average rose 226.84 to 32,459.26. Volume, however, dropped to 78.9m shares against 107.2m traded on Wednesday. Sumitomo Metal rose Y15 to Y900.

Roundup

DCMESTIC factors took the lead in most Asia Pacific markets, which drew little inspiration from the huoyant mood in Tokyo. Hong Kong once again kept a nervous eye on the unrest in Peking.

general huying interest in all sectors took hold. The trend was inspired by corporate and

overseas interest, The All Ordinaries index was 7.4 higher at 1,479.9. National turnover was moderate at 85m shares worth A\$184m.

Pioneer International, which has been heavily traded this week, led rises among industrial stocks, gaining 11 cents to A\$2.54 on turnover of 2.2m shares. The Australian Mutual Provident Society (AMP) yes-terday raised its stake in Pioneer to 13.8 per cent from 12.7

SINGAPORE was not inspired by the rises in Tokyo and closed mixed in moderate trading after a bout of after-noon profit-taking whittled away at early gains. The Straits Times industrial index rose 2.86 to 1,253.17, after a gain of 5.31 at noon.
Turnover rose to 93.4m
shares from 89.9m shares on

Interest focused on the prop-erty sector and Malaysian lower-priced stocks. Malayan United Industries, up 4 cents at S\$2.40, headed the active list with 6.5m shares changing

HONG KONG dropped sharply on fears of increasing instability in China after the large student demonstrations in Peking. The Hang Seng index fell 4141 to 3,077.26 after a small late recovery in turnover worth HK\$911.14m. Hutchison topped the active list with a fall of 10 cents to

HKS11.10. TAIWAN staged a recovery after Wednesday's rout caused hy the proposed Securities and Exchange Commission investigation into non-payment transactions, better known as wash

The key market weighted index, which plunged 175.23 points on Wednesday, regained 88.34 to close at 8,015.5. Trading volume continued to shrink: turnover totalled 739m shares worth TS71.3bn compared with 797m shares the previous day. SEOUL rose modestly in thin trace. The composite index rose 4.49 to 939.21 in volume of

although corporate news and results helped individual shares. writes Our Morkets

FRANKFURT ended little changed, underpinned hy strong demand for engineering stocks, with buying inspired by the sector's good order figures, earnings upgradings and its recent underperformance on

Thyssen rose DM6.20 to DM236.30 on the day's second highest volume and Mannesmann added DM3 to DM235 while Hoesch climbed DM5.30 to DM245. The market heard during the session that West German engineering orders rose by an annual rate of 15 per cent in real terms last month, and analysts raised their earnings estimates for Thyssen for this year. Late huying from the US on Wednesday was followed by further demand yesterday and a shortage of stock benefited the share pricea, said one

share prices but trading remained lackInstre with investors loath to take large positions before the holidays next week. The CAC 40 index closed at

The market's positive tone was helped by the fact that the Bank of France did not raise interest rates at the treasury hill tender yesterday morning said one analyst. The next testing point is today's domestic trade deficit figure, which will

Individual issues star in pre-holiday trading

THE APPROACH of next week's holidays in Europe left bourses little changed again,

owns an 8.8 per cent stake in

the company, produced a take-

over offer worth \$44 a chare in

\$2%. The company posted first

quarter net income of \$1.48 a

US Shoe dropped \$% to \$17%

INVESTOR relief that Finance Minister Mr Michael Wilson

did not resign over a Budget

news leak, and that the Budget did not cut capital gains exemptions or impose a heavy tax on hanks, sent prices

sharply higher at mid-session

19.43 to 3,597.59. Advances and

DEMAND for special situation

stocks lifted Johanneshurg

yesterday in a thin market. A weak financial rand also

declines were even.

SOUTH AFRICA

The composite index rose

Confirmation that Chancelcontroversial withholding tax from July 1 aided sentiment hut had largely heen discounted by the market. The DAX index eased 3.47 to 1,369.57 while the midday FAZ index was 0.77 lower at 576.5. Volumes reached DM3.65hn. Metallgesellschaft, going ex-

dividend next week, was sought for the pay-out, rising DM14 to DM434 with a large buy order reported. Siemens revealed improved half year profits and eased 10 pfg to DM533. PARIS picked up in terms of

the day's high, np 6.70 at 1,673.87, while the OMF 50

index added 1.13 to 478.64. The opening CAC General index fell 6.8 to 457.8.

to SFr11,100, leading a firmer chemicals sector which is bene-Rome over a disagreement on health charges brought an air of nervonsness. The Comit be negatively affected by the recent strength of the oil price. BP Franca was husy, rising FFr8.10 to FFr105.10 while fiting from the stronger dollar. AMSTERDAM moved briskly index fell 3.79 to 611.53 in fairly Thomson-CSF proved resistant to the negative news that Can-

ahead, defying market expecta-tions of profit-taking. The CBS tendency index rose 1.4 to 183.8 — its high for the day — in volume worth Fl 668m. A series of developments at home and abroad added sparkle. The strength of Wall Street and London, along with a feel-ing that the upward pressure on interest rates may be abating for the time being, built on the confidence which underpinned the market following

good figures from Akzo and ICI in the UK. Chemicals group Akzo was especially huoyant following a 17 per cent gain in first quarter earnings, ahove analysts' expectations. Akzo rose FI 4.30 to FI 157.30.

MILAN finished lower as renewed political tension in the governing coalition in

light trade. Banco di Roma fell L80 to L9,400 after a compromise was found to end the company's board room power struggle to

find a second managing director - hoth candidates were chosen, giving the company three managing directors. MADRID edged higher, shaking off early nervousness trig-gered by a ½ point increase in the rate on one-year treasury bonds. The general index rose 0.30 to 296.30.

Construction issues were taking, while hanks were mixed. Electrical ntility Endesa, strong in recent sessions on US Interest, fell 2.6 points to 246.1 of par on profittaking.

One analyst said the market was "encouragingly steady,"

considering many investors had expected only a % point-increase in interest rates.

STOCKHOLM regained early losses caused by the Central Bank's decision to raise the discount rate to 9.5 per cent, and closed slightly higher. SKF free B shares rose SKr15

to SKr520 on its 132 per cent higher first-quarter profits. Atlas Copco and Volvo went ex-dividend. Atlas Copco climbed SKr2 to SKr240 tallowing better-than-expected first-quarter results, while Volvo free B fell SKr11 to SKr466.

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OSLO fell on profit-taking, with the all-share index off 9.85 at 475.24 in husy trading worth NKr689m. Norsk Hydro, reporting record first quarter profits, lost NKr3 to NKr177. BRUSSELS closed mainly

mixed in thin trading with most dealers following last week's pattern and staying on the sidelines.

FINANCIAL RESULTS

Interim results for the half-year ended 25 February 1989 - unaudited 1st half 1st half Percentage 1989 1988 increase 588.0 +14% 672.7 Turnover

128.2 Pretax profit

Earnings per share 8.8p 6.6p + 33%

WELLCOME INTERIM RESULTS

Profits have increased by 35%

Continued growth in antiviral treatments

Interim dividend at 1.3p per share



A full Interim Statement will be mailed to shareholders on 2 May. For a copy, and the current report and accounts, write to: The Public Relations Department, Wellcome plc, The Wellcome Building, PO Box 129, 183 Euston Road, London NW1 2BP.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS	VYEONESOAY APRIL 26 1909							TUESDAY APRIL 25 1989			DOLLAR INDEX		
Figures in parentheses shew number of stecks per greatping	US Oallar Index	Change Change	Pound Slorling Index	Lecal Currency Index	Day's change ', local currency	Oross Oiv. Yield	US Collar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)	
Australia (89)	132.47	+ 0.0	118.32	110.93	-0.1	5.C2	132.48	115.47	111.06	157.12	128.28	119.05	
Austra (191	122.24	-02	107.33	119.21	+ O.4	2, 16	122 51	106.78	118.73	124.16	92.54	91.35	
Belgium (631	133.75	- 1.2	117 44	130.12	-05	4.18	135.32	117.95	130.82	137.10	128.52	125.12	
Ganada (127)	135.16	-0.3	118.67	116.46	-0.2	3.35	135.50	118.10	116.66	137.27	124.67	124.07	
Denmark (33)	177.05	- 0.7	155 48	175 96	+0.0	1.69	178.35	155.45	175.99	180.38	165.35	119.71	
Finland (06)	153.20	-0.4	134.51	134.65	+0.2	1.55	153.81	134.06	134,35	159.18	125.81	127.32	
France (150)	1 19.15	- 1.7	104 52	118.83	1.0	3.03	121.25	105.68	120.01	122,79	112.57	89.69	
West Germany (100)	86.73	-0a	76.15	84.70	+0.4	2.30	85.99	75.82	84.35	90.40	81.77	76.64	
Hong Kong (49)	131.29	+0.0	115.28	131. t 1	+ 0.0	4.04	131.29	114.43	131.14	133.77	111.80	102.50	
Ireland (1)	146.44	+ 0.2	130.34	147.69	+0.7	3.42	148.17	129.15	146.05	151.36	125.00	121.61	
llaly (98)	82.11	- 1. 6	72.10	84,44	-0.9	2,49	83.41	72.70	85.17	66.68	78.16	75.82	
Japan (455)	187.97	-0.2	165.04	157.07	+ 0.5	0.48	185.27	154.09	156.31	200.11	180.30	172.85	
Malaysia (36)	178.06	+0.6	156.35	154.23	-+ O 6	2 60	176.55	154.23	183.05	178.18	143.35	129.79	
Mexico 131	179.33	+ 0.1	157.51	474.64	+0.1	1.06	179.20	156.19	474.34	179.39	153.32	131.49	
Netherland (42)	120.53	- 0.8	105.83	116.57	– 0 . 1	4.42	121.45	105.86	116.63	122,22	110.63	110.06	
New Zealand (24)	70 00	+ 0.1	61 46	60.41	- 0.2	6.52	69.90	60.92	60.52	78.02	66.54	77.08	
Nerway (26)	192.56	1.9	169.08	177.99	- 1.3	1.50	196.50	171.10	180.38	198.39	139.92	130.29	
Singepore (26)	153.65	+0.8	134.04	136.69	+ 0.9	2.01	151.48	132.03	135.71	155.98	124.57	110.01	
South Africa (60)	142 51	-0.9	125.13	123.20	~0.3	3.96	143.53	125.40	128.63	144.86	115.35	125.19	
Spain (42)	153.34	- ö.š	134.64	135.22	~0.3	3.59	154.63	134.77	135.65	156.17	143.14	151,29	
Sweden (35)	159.49	+ 0.a	140.C4	150.€3	+ 1.4	2.28	153.26	137.94	148.59	162.00	138.45	123.28	
Switzerland (57)	75.61	-0.6	66.39	77.71	+0.2	2.36	76.07	€5.31	77.58	79.78	74.05	80.39	
	146.68	+ 0.3	128.79	128.79	+ 1.0	4.40	145.31	127.53	127.53				
United Kingdom (316)	124.91	+ 0.1	109.67	124 91	±0.1	5.55	124.80	108.77		153.33	134.53	140.51	
USA (560)				_				100.77	124.80	125.84	112.13	107.31	
Europe (1009)	119.86	-0.4	105.24	111.76	÷ 0.3	3.58	120.33	104.88	111.40	121.70	114.02	109.68	
Noraic (125)	155.06	-0.2	136.17	152.19	+0.5	1.58	155.32	155.38	151.46	155.81	137.95	114,01	
Pacific Basin (673)	183.33	- 0.1	160.98	153 65	÷0.5	0.70	133.60	1 0 0.03	153.15	194.72	178.37	167.95	
Euro - Facilic (1683)	157.97	-02	138.70	137.C5	÷ 0.4	1.59	156.32	137.9s	136.48	154.22	152.83	144.65	
Nonn America (687)	125.42	+ 0.1	110.13	124.39	÷ 0.1	3.54	125.34	109.25	124.31	128.37	112.79	108.21	
Europe Ex. UK (6921	103.12	-0.9	9C 54	1C1.24	-0.2	2.91	104.07	90.70	101.45	105.29	98.84	90.58	
Pacific Ex. Japan (224)	127.82	+ 0.1	112.23	113 44	+ 0.0	4.47	127.71	111.32	113.43	137.65	123.48	108.91	
World Ex. US (1868)	157.03	- 0.2	137.88	136.∻1	+ 0.4	1.55	157.39	137.18	135.87	162.77	152.04	143.75	
World Ex. UK (2122)	144 27	- 0.2	126.67	132.65	÷ 0.2	2.04	144.51	125.96	132.55	148.04	138.05	128.64	
World Ex. So Al. (2388)	144.48	- 0.1	126.86	132.43	+ 0.3	2.24	144.66	126.09	132.09	145.65	138.82		
World Ex Japan (1993)	123.68	-0.1	103.59	119.79	-0.2	3.59	123.81	107.91	119.60	124.63	114.51	129.70 108.97	
The World Index (2448)	144.47	-0.1	126.85	132.46	+ 0.3	2.25	144.66	126.08					
	1-41-41	V. 1	120.00		. 44		144.00	120.08	132.05	146.51	138.83	129.68	

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Constituent change: April 27: Deletion: Hambros Inv. Trust (UK), Latest prices were unavailable for this edition.